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U.S. DISTRICT COURT
DISTRICT OF WYOMING

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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF WYOMING

NAOMI L. MILES REVOCABLE TRUST, NAOMI L. MILES, TRUSTEE, and CHARLES W. MILES, JR. TRUST, NAOMI L. MILES TRUSTEE,	)	
Plaintiffs,	)	
v.	)	10CV0034
DENNIS R. LAWRENCE; AGRICULTURAL INCOME AND PLANNING ASSOCIATES, LLC, a Wyoming limited liability company; RANDALL POPE; NATHAN GLOSSI; CAPWEST SECURITIES, INC., a Colorado corporation; CAPSTONE FINANCIAL GROUP, INC., a Nevada corporation; COLORADO CAPITAL HOLDINGS, LLC, a Nevada limited liability company; DAVID LEON SMITH; DALE KEITH HALL; DIRECT CAPITAL SECURITIES, INC., a Delaware corporation; TIC CAPITAL MARKETS, INC., a Delaware corporation; CLAY HARRISS WOMACK;	)	Case No. ________________

PACIFIC SECURITY INCOME PARTNERS, LP, a Texas limited partnership; PACIFIC SECURITY GROUP, INC., a Texas corporation of forfeited existence; PERSONAL MONEY MANAGEMENT, LLC, a Colorado limited liability company; STEVE HOLMES; RICHARD HANCOCK; RD MARKETING, LLC, a dissolved Colorado limited liability company; and SECORE & WALLER, LLP, a Texas limited liability partnership.)

Defendants.)

COMPLAINT AND JURY DEMAND

COME NOW the Plaintiffs, the Naomi L. Miles Revocable Trust, Naomi L. Miles, Trustee, and the Charles W. Miles, Jr. Trust, Naomi L. Miles, Trustee, by and through their attorneys, Davis & Cannon, LLP and Dill Dill Carr Stonbraker & Hutchings, P.C., and for their Complaint against the Defendants state as follows:

SUMMARY OF THE COMPLAINT

1. In 2006 and early 2007, the Naomi L. Miles Revocable Trust, Naomi L. Miles, Trustee (the "Miles Trust") and the Charles W. Miles, Jr. Trust, Naomi L. Miles, Trustee (the "Credit Trust") (collectively the Miles Trust and the Credit Trust are herein referred to as the "Trusts" or the "Plaintiffs") were invested in conservative and liquid fixed income type of investments which were suitable and appropriate for the Trusts in view of their risk tolerance, time horizon, investment knowledge, investment experience, liquidity needs, and income needs. Commencing in April of 2007, and continuing until approximately July of 2008, the Trusts' accountant, Dennis R. Lawrence ("Lawrence") and two registered representatives,

Randall Pope ("Pope") and Nathan Glossi ("Glossi") of CapWest Securities, Inc. ("CapWest"), a registered broker-dealer, recommended, advised, induced and sold to the Trusts non-liquid, high risk direct participation program investments in various private offerings. These direct participation program investments were unsuitable for the Trusts as they were non-liquid, high risk, and at substantial risk of total loss

2. The direct participation program investments sold to the Trusts were, in almost each instance, a fraudulent Ponzi scheme. Of the seven different direct participation program investments ("DPP Investments") which are the subject of this action, the U.S. Securities and Exchange Commission ("SEC") has brought proceedings against four of the promoters of such DPP Investments, in each case alleging it to be a fraudulent Ponzi scheme. In each case, as more specifically described herein, the SEC obtained orders freezing the assets of the perpetrators of the fraudulent Ponzi schemes, and appointing Receivers, in an effort to recoup what little assets or funds may be remaining for the benefit of investors. It appears that in each of the fraudulent Ponzi schemes, there is little, if anything, to be collected and returned to investors, such as the Trusts.

3. The amount of Ponzi scheme DPP Investments sold to the Trusts by the Defendants is $730,000.00 of the $966,000.00 in losses claimed by the Trusts in this case. In addition to Lawrence, Pope, Glossi, and CapWest, who were directly involved in the sale of the fraudulent and unsuitable DPP Investments to the Trusts, Defendants include others involved in the sale of the DPP Investments, their controlling persons, certain officers and directors, and a law firm that prepared the Private Placement Memorandum for one of the fraudulent Ponzi

scheme offerings. The Trusts seek recovery of their investment losses, together with interest, costs and attorneys' fees incurred in bringing this action.

JURISDICTION AND VENUE

4. The subject matter jurisdiction of this Court over this action is based upon 15 U.S.C. § 78aa, 28 U.S.C. §1331, and 28 U.S.C. § 1367.

5. This Court has personal jurisdiction over each of the Defendants pursuant to, *inter alia*, 15 U.S.C. § 78aa and W.S. 1997 § 5-1-107.

6. Venue over this action is proper in this District pursuant to, *inter alia*, 15 U.S.C. § 78aa and 28 U.S.C. § 1391(b).

THE PARTIES

The Plaintiffs:

7. The Naomi L. Miles Revocable Trust, Naomi L. Miles, Trustee, is a Wyoming trust situated in Sheridan, Wyoming. Naomi L. Miles is the settler, sole trustee, and during her lifetime the sole beneficiary of The Naomi L. Miles Revocable Trust.

8. The Charles W. Miles, Jr. Trust is a trust created pursuant to the Last Will and Testament of Charles W. Miles, Jr., who passed away on or about August 11, 1998. Naomi L. Miles is the Trustee of the Charles W. Miles, Jr. Trust. Naomi L. Miles is the income beneficiary of the Charles W. Miles, Jr. Trust during her lifetime and upon the death of Naomi L. Miles, all property contained in the Charles W. Miles, Jr. Trust shall be distributed to Zane Miles, the son of Charles W. Miles, Jr. and Naomi L. Miles.

9. The assets of the Miles Trust and the Credit Trust derive from the sale of a ranch in southeastern Montana, owned by Charles W. Miles, Jr. and upon his death, then principally

owned by Naomi L. Miles. On or about January 1, 2000, Naomi L. Miles sold the ranch. Pursuant to the provisions of the Last Will and Testament of Charles W. Miles, Jr., the Credit Trust was funded with an amount equal to the unused portion of his equivalent exemption produced by the Unified Credit under Section 2010 of the Internal Revenue Code of 1954 as applicable to the year of his death, and which amount was approximately $625,000.00. Additional proceeds from the sale of the ranch by Naomi L. Miles of approximately $2,300,000.00, funded the Miles Trust.

The Defendants

10. Dennis R. Lawrence is a certified public accountant residing in or around Buffalo, Wyoming, who maintains a principal business in Buffalo, Wyoming. From approximately mid 2005 through December of 2009, Lawrence provided professional accounting services to the Miles Trust and the Credit Trust. In addition, Lawrence provided investment advice, made investment recommendations, and offered and sold securities, as further described herein, to the Miles Trust and the Credit Trust. Lawrence held himself out to be not only a professional accountant, but a professional knowledgeable and sophisticated in financial and investment matters, qualified to give investment advice and make investment recommendations to the Trusts and others.

11. Randall Pope is an individual residing in and maintaining a principal place of business in Fort Collins, Colorado. At all times material to the allegations of this Complaint, Pope was a registered representative employed by Defendant CapWest and licensed, pursuant to the Financial Industry Regulatory Authority ("FINRA"), federal law and Wyoming state law,

to offer and sell securities in the State of Wyoming and other states. Pope, along with Lawrence and others, as set forth in this Complaint, offered and sold securities to the Trusts.

12. Nathan Glossi is an individual residing in and maintaining a principal place of business in Fort Collins, Colorado. At all times material to the allegations of this Complaint, Glossi was a registered representative employed by Defendant CapWest and licensed to offer and sell securities pursuant to FINRA, federal law and Wyoming state law. Glossi offered and sold securities to the Trusts.

13. Agricultural Income and Planning Associates, LLC ("AIPA") is a Wyoming limited liability company organized on or about May 7, 2007. AIPA maintains a principal place of business at the offices of Lawrence. The owners, members and managers of AIPA are Lawrence, Pope, Glossi, and Howard Hughes. AIPA's principal business was the providing of financial and investment advice and the offer and sale of securities, including securities offered and sold to the Trusts.

14. CapWest Securities, Inc. is a Colorado corporation maintaining a principal place of business in Lakewood, Colorado. CapWest maintains other offices throughout the United States. CapWest is a broker-dealer licensed by FINRA in various states, including the State of Wyoming, to offer and sell securities to the public. The securities sold to the Trusts were sold by and through CapWest.

15. Capstone Financial Group, Inc. ("Capstone") is a Nevada corporation with its principal place of business, the same as CapWest, in Lakewood, Colorado. According to CapWest's report on file with FINRA, Capstone directly owns seventy-five percent or more of CapWest and directs the management and policies of CapWest.

16. Colorado Capital Holdings, LLC ("Colorado Capital") is a Nevada limited liability company maintaining a principal place of business in Greeley, Colorado. According to the report of CapWest on file with FINRA, Colorado Capital indirectly, through Capstone, owns seventy-five percent or more of CapWest and directs the management and policies of CapWest.

17. Dale Keith Hall ("Hall") is an individual residing in the State of Colorado and maintaining principal places of business in Lakewood, Colorado and/or Greeley, Colorado. Hall is the CEO, President, Treasurer, CFO, and a director of CapWest and directly and/or indirectly individually and through Capstone and Colorado Holdings directs the management and policies of CapWest. Hall is also a member of the Board of Directors of Capstone and a co-manager of Colorado Capital.

18. David Leon Smith ("Smith") is an individual residing in the State of Colorado. According to the report of CapWest on file with FINRA, since March of 2008 Smith has been the Chief Compliance Officer and Options Principal of CapWest. Smith is an owner of CapWest and directs the management and policies of CapWest.

19. Direct Capital Securities, Inc. ("Direct Capital") is a Delaware corporation maintaining a principal place of business in Austin, Texas. Direct Capital is a broker-dealer licensed and registered, pursuant to FINRA, federal law, and Wyoming state law, as well as the laws of other states, to offer and sell securities to the public. Direct Capital served as the "managing broker-dealer" of the Striker Debenture Offerings, as further described in this Complaint.

20. TIC Capital Markets, Inc. ("TIC Capital") is a Delaware corporation maintaining a principal place of business in the State of Texas. According to the report of Direct Capital on file with FINRA, TIC Capital directly owns seventy-five percent or more of Direct Capital and directs the management and policies of Direct Capital.

21. Pacific Security Income Partners, LP ("Pacific Security Partners") is a Texas limited partnership maintaining a principal place of business in Austin, Texas. According to the report of Direct Capital on file with FINRA, Pacific Security Partners, through TIC Capital, is an owner of Direct Capital and directs the management and policy of Direct Capital.

22. Clay Harriss Wolmack ("Wolmack") is an individual who resides in, and maintains principal places of business in Austin, Texas. At all time relevant to the events alleged in this Complaint, Wolmack was an officer and director of Direct Capital. At all times relevant to the allegations of this Complaint, Wolmack was and/or currently is the Chairman and Chief Executive Officer of Direct Capital, TIC Capital, and Pacific Security Group, Inc., a forfeited Texas corporation, and individually and through TIC Capital and Pacific Security Group, Inc., directs the management and policies of Direct Capital. Further, at all times relevant to the allegations of this Complaint, Wolmack was a general securities principal with Direct Capital.

23. Pacific Security Group, Inc. ("Pacific Security") is a forfeited Texas corporation. According to the report of Direct Capital filed with FINRA, Pacific Security is an owner of Direct Capital and directs the management and policies of Direct Capital.

24. Personal Money Management, LLC ("Personal Money Management") is a Colorado limited liability company maintaining a principal place of business in Fort Collins,

Colorado. Personal Money Management is the entity through which Pope and/or Glossi conduct business and transactions, including sales of the DPP Investments to the Trusts which are the subject matter of this Complaint.

25. Steve Holmes ("Holmes") is an individual residing in and maintaining a principal place of business in the Dallas, Texas metropolitan area. At certain times relevant to the allegations contained in this Complaint, Holmes was the general counsel of Striker Petroleum, LLC, the promoter of the Striker Debentures and the Striker Petroleum Option Plus, Bon Weir, LLC working interests sold to the Trusts and purportedly the "independent third party trustee" for the Debenture holders of the Striker Debentures sold to the Trusts.

26. Richard Hancock ("Hancock") is an individual who at all times relevant to the allegations of this Complaint resided in the Tulsa, Oklahoma area. At all times relevant to the allegations contained in this Complaint, Hancock served as the Chief Financial Officer of Striker Petroleum, LLC, the promoter of the Striker Debentures and Striker Petroleum Option Plus, Bon Weir, LLC working interests sold to the Trusts and, thus, was intimately familiar with the financial affairs of Striker Petroleum, LLC, and other affiliated and related entities of Striker Petroleum, LLC, in which securities consisting of the Striker Debentures and Striker Petroleum Option Plus, Bon Weir, LLC working interests were sold to the Trusts.

27. RD Marketing, LLC ("RD Marketing") is a dissolved Colorado limited liability company which maintained a principal place of business in Fort Collins, Colorado. The owners, members and/or managers of RD Marketing were Pope and Glossi. RD Marketing acted as the "wholesaler" of Striker Petroleum Option Plus, Bon Weir, LLC ("Bon Weir"), an entity which offered and sold securities to the public, including the Trusts, and for acting as a

wholesaler received a fee in the amount of three percent of the total proceeds raised by the offer and sale of securities of Bon Weir.

28. Secore & Waller, LLP ("Secore & Waller") is a Texas limited liability partnership and law firm maintaining a principal place of business in Dallas, Texas. On information and belief, Plaintiffs allege that Secore & Waller prepared the Private Placement Memorandum and related documents of Shale Royalties 4, Inc. and Shale Royalties 12, Inc., both Delaware corporations, the securities of which were offered and sold to the Trusts. Shale Royalties 4, Inc. and Shale Royalties 12, Inc. are two of approximately 21 separate entities and offerings promoted by Provident Royalties, LLC. The offerings of Provident Royalties, LLC were a fraudulent Ponzi scheme. On information and belief, Plaintiffs allege Secore & Waller prepared the Offering Memorandum for most, if not all, of the offerings conducted by Provident Royalties, LLC. The facts and information upon which Plaintiffs base this allegation against Secore & Waller are:

a. In a due diligence report of Mick & Associates, Inc. dated November 14, 2008 concerning Shale Royalties 19, Inc., Secore & Waller is specifically identified as the law firm that drafted and prepared the Private Placement Memorandum, Subscription Documents and other related documents concerning Share Royalties 19, Inc.;

b. Joan Conway Waller of Secore & Waller is the incorporator of Shale Royalties 12, Inc. The Private Placement Memorandum of Shale Royalties 12, Inc. and Shale Royalties 4, Inc. are virtually identical in form and substance, and with identical language used, substantially throughout both Private Placement Memoranda; and

c. Between approximately September of 2006 and January of 2009, Provident Royalties, LLC conducted an on-going series of 21 offerings using 21 separate entities, including Shale Royalties 4, Inc. and Shale Royalties 12, Inc., all of which were nearly identical in form and substance according to allegations of the U.S. Securities and Exchange Commission in *Securities and Exchange Commission v. Provident Royalties, LLC*, Case No. 3-09 CV 1238-L, United States District Court for the Northern District of Texas (the "Shale Royalties Litigation").

THE FRAUDULENT SCHEMES

29. The Trusts, along with numerous other investors throughout the country, were the victims of four separate fraudulent Ponzi schemes described in further detail in the paragraphs below. Certain of the Defendants, as described in this Complaint, offered and sold the fraudulent Ponzi scheme investments to the Trusts, while other of the Defendants were either additional direct or indirect perpetrators of the fraud or aided and abetted the perpetrators of the fraudulent Ponzi schemes. The Trusts were induced to invest an aggregate of $730,000 into the four fraudulent Ponzi schemes and have suffered a total loss of such amount.

Striker Petroleum, LLC

30. Striker Petroleum, LLC ("Striker") is a Texas limited liability company with its principal place of business in Dallas, Texas. From July, 2005 to September, 2006, Striker conducted three tax advantaged oil and gas offerings (the "Legacy Offerings") selling over $60,000,000.00 of undivided working interests in purported producing oil and gas properties. These Legacy Offerings investments were sold through a nationwide network of broker-dealers

utilizing private placement memoranda and brochures created by Striker. Although the Legacy Offerings initially achieved the projected returns and Striker was able to pay to investors the projected returns, production fell off and by early 2007 Striker was unable to make the promised returns to investors in the Legacy Offerings.

31. Commencing on September 18, 2006, and continuing through September of 2008, through a series of five Debenture Offerings entitled "Series A," "Series B," "Series B-2," "Series B-3," and "Series B-4" (the "Debenture Offerings") Striker raised an aggregate of approximately $57,000,000.00 from approximately 540 investors nationwide. Striker offered its Debentures through many of the same broker-dealers that sold the Legacy Offerings, again using private placement memoranda and brochures (the "Striker Offering Documents"). The Striker Offering Documents of the Debenture Offerings falsely represented that:

a. The proceeds from each Debenture Offering would be used primarily to acquire, develop, and operate oil and gas properties and for working capital,

b. The Debentures would be collateralized by the oil and gas properties acquired in an amount twice that of the purchase price of the Striker Debentures; and

c. The Debenture holders would receive a stated return from such activities.

32. Rather than using the proceeds from the sale of the Striker Debentures as stated in the private placement memoranda, Striker used substantial amounts of the proceeds to pay promised returns to investors in prior offerings, including the Legacy Offerings, and in prior Debenture Offerings, thus creating a fraudulent Ponzi scheme in which new investor money was used to pay promised returns to older investors.

33. The Trusts purchased $200,000.00 of Striker Debentures in the Series B-2 Debenture Offering on or about April 27, 2007. On or about June 25, 2007, the Credit Trust through a sham loan to the Miles Trust purchased an additional $100,000.00 of Series B-2 Striker Debentures. The private placement memorandum for the Series B-2 Debenture Offerings, as well as all other Debenture Offerings, were false and material in numerous respects as further alleged in greater detail below.

34. An aggregate of $12,500,000.00 was raised in the Series B-2 Debenture Offering. The private placement memorandum told purchasers of the Series B-2 Debentures that ninety percent of the money raised would be used for the acquisition of properties, drilling oil and gas wells, completing oil and gas wells, and working capital when, in fact, substantial proceeds were used to pay returns to prior investors. Further, the private placement memorandum told purchasers of Series B-2 Debentures that the Debentures purchased would be collateralized with oil and gas properties when, in fact, the Debentures were not collateralized to the extent represented. The purchasers of Debentures in the Series B-2 Offering were not told that significant portions of the proceeds would be used to pay fixed return payments to investors in the Legacy Offerings and interest payments to prior Debenture holders. The exact amount of payments from the purchasers of Series B-2 Debentures used to make payments to Legacy Offerings investors and prior Debenture holders is unknown, but it is believed to be millions of dollars.

35. The Offering Documents for the Series B-2 Debentures, as well as the other series of Debentures, contained unaudited financial statements. These unaudited financial statements, and in particular the unaudited financial statements for the Series B-2 Debentures,

significantly overstated the assets and earnings of the promoter, Striker. In the Series B-2 Debenture Offering, the assets of Striker were inflated by approximately 34.7 million dollars. The revenues of Striker were also inflated by including as revenue the amounts raised from the Legacy Offerings thereby obscuring the fact that Striker was losing money on an operating basis.

36. The private placement memorandum for the Series B-2 Offering, as well as the other Debenture Offerings, represented that the Debentures would be collateralized by oil and gas properties and that Striker would appoint an "independent third party trustee" to hold legal title to the collateral for the benefit of the Debenture holders. The trustee would have various powers, the most important of which was the right to engage in a non-judicial foreclosure of collateral in case of default by Striker. Contrary to the representations in the private placement memorandum for the Series B-2 Debenture Offering, the trustee for the Debenture collateral was not an independent third party, but instead was general counsel, Holmes. Holmes, as the general counsel of Striker, was neither independent nor a third party. Soon after Striker failed to make the Debenture payments in December of 2008, Holmes resigned as trustee, claiming he never considered himself a true "trustee" for the Debenture holders as he had no fiduciary duty or actual control and possession of the collateral.

37. As a result of the foregoing, and other fraudulent activities, on or about December 3, 2009, the SEC filed a Complaint in the case known as *Securities and Exchange Commission v. Striker Petroleum, LLC*, Case No. 3:09-cv-02304-D, United States District Court for the Northern District of Texas (the "Striker Petroleum Litigation"). On December 3, 2009, the United States District Court for the Northern District of Texas in the Striker

Litigation entered an Agreed Order Appointing Receiver in which the Court appointed a Receiver for Striker. The Agreed Order Appointing Receiver enjoins litigation or other proceedings against the Receiver, the Defendants in the Striker Petroleum Litigation, the Receivership Estate, and any agent, officer or employee related to the Receivership Estate. After writing to and speaking with the Receiver in the Striker Litigation, it is believed that the claims brought against the Defendants in this case do not violate such injunction.

38. In addition to the Legacy Offerings, and the Debenture Offerings, on or about November 17, 2007, Striker commenced offering securities through the Striker Petroleum Option Plus, Bon Weir, LLC (the "Bon Weir Offering"). Pursuant to the private placement memorandum in the Bon Weir Offering, investors were offered and sold working interests in purported existing and currently producing oil and gas wells and, in exchange, promised a return of production, as well as a fixed return production payment. Further, the private placement memorandum represented that purchasers of the working interest would have a first lien and security interest upon the oil and gas properties. Although Plaintiffs do not yet know, in fact, how the offering proceeds were expended, based upon the fraudulent Ponzi scheme perpetrated upon investors in the Striker Debenture Offerings, upon information and belief, the Trusts allege that as with the Debenture Offering, substantial amounts of the proceeds from the Bon Weir Offering were used to pay promised returns to investors in the Legacy Offerings and the Debenture Offerings. Further, on or about November 30, 2007, contrary to the representations contained in the private placement memorandum, Striker granted a first lien and security interest in the working interests and oil and gas properties purportedly sold to investors in the Bon Weir Offering to a third party.

39. Without knowledge of the fraudulent Ponzi scheme nature of the Bon Weir Offering and the prior grant of a first lien or mortgage upon the working interests in the oil and gas properties purportedly sold to investors in the Bon Weir Offering, on or about June 16, 2008 the Miles Trust purchased $50,000.00 of securities consisting of working interests and interests in oil and gas properties in the Bon Weir Offering.

Provident Royalties, LLC Offerings

40. Provident Royalties, LLC ("Provident"), is a Delaware limited liability company with its principal place of business in Dallas, Texas. Between approximately September of 2006 and January of 2009, Provident, through 21 separate entities it created, solicited investments and sold preferred stock in fraudulent private placements, raising approximately $485,000,000.00 from approximately 7,700 investors nationwide. According to the private placement memoranda of the 21 offerings, funds raised were to be used for the acquisition and development of specific oil and gas properties and investors in each of the various offerings were to receive a return from the assets acquired for that offering. Instead, Provident operated a fraudulent Ponzi scheme. Revenues from oil and gas exploration and development activities of the initial entities were insufficient to pay promised returns. When this occurred, Provident used substantial amounts of money from each of the subsequent offerings to pay promised returns to investors in prior offerings rather than for the acquisition and development of oil and gas properties and exploration and development activities as represented in the private placement memoranda.

41. Investors, including the Trusts, that purchased preferred stock in the various offerings were told that eighty-six percent of the funds would be placed in oil and gas

investments. This representation was false in that significant amounts of investors' funds, including those of the Trusts, were used to pay returns to investors in prior offerings.

42. Investors, including the Trusts, were not told that their funds would be comingled with funds derived from other private placement offerings of Provident when, in fact, funds were comingled among the numerous offerings conducted by Provident.

43. On or about July 2, 2007, the Trusts purchased $150,000.00 of preferred stock in Shale Royalties 4, Inc. ("SR 4"), one of the fraudulent Provident offerings. On or about June 16, 2008, the Miles Trust purchased $80,000.00 of preferred stock in Share Royalties 12, Inc. ("SR 12"), another of the Provident's fraudulent offerings. The details of these purchases are set forth below in the Complaint.

44. On or about July 1, 2009, the SEC brought the Shale Royalties Litigation. On July 2, 2009, the United States District Court for the Northern District of Texas entered an Order granting a Temporary Restraining Order, Appointing Receiver, Freezing Assets, Staying Litigation, Prohibiting the Destruction of Documents, and Accelerating Discovery (the "Order Appointing Receiver"). The Receiver appointed in the Shale Royalties Litigation is the same Receiver appointed in the Striker Petroleum Litigation. The Stay of Litigation Order contained in the Order Appointing Receiver is identical to the Stay of Litigation Order contained in the Agreed Order Appointing Receiver in the Striker Petroleum Litigation. After writing and speaking with the Receiver in the Shale Royalties Litigation, and counsel for the SEC, it is believed that the bringing of this action against the Defendants named herein does not violate the Injunction and/or Stay of the United States District Court for the Northern District of Texas in the Shale Royalties Litigation.

The Medical Capital Holdings, Inc. Offerings

45. Medical Capital Holdings, Inc. ("Med Cap"), its subsidiaries, affiliates, and controlling persons raised, through a series of offerings of securities consisting of promissory notes ("Notes"), to the public, between approximately June of 2004 and March of 2009, $1,700,000,000.00. The series of offerings were through entities known as Medical Provider Funding I through VI. Each of the Medical Provider Funding corporations (hereinafter referred to as "MP") and each specific Medical Provider Funding corporation (hereinafter referred to as MP with the designated roman numeral) raised money through the sale of securities consisting of Notes for the purported purpose of acquiring accounts receivable from health care providers and the making of secured loans to health care providers and facilities. Each MP entity sold the Notes through use of a private placement memoranda which described the terms of the Note, the nature of and limitations on the loans and investments to be made with the proceeds, and the policies and procedures for the payment of fees to the trustees and administrators of the MP entities. In the case of MP I, II, IV and VI, the trustee is Bank of New York Mellon, and in the case of MP III and V, the trustee is Wells Fargo Bank.

46. Although loans and investments were made to and with health care providers, substantial amounts of the proceeds from the sale of the Notes were used to: (a) pay administrative fees to the promoters contrary to the provisions of the disclosures in the private placement memoranda and the terms of the Note Issuance and Security Agreements between the MP entities and the trustee; (b) purchase non healthcare related assets and engage in transactions contrary to the disclosures contained in the private placement memoranda, and (c) through a practice known as "round tripping" engage in a fraudulent Ponzi scheme by using the

proceeds raised in the later MP entity offerings to pay returns to Note purchasers in the earlier MP entity offerings.

47. On July 16, 2009, the SEC filed the case of *Securities and Exchange Commission v. Medical Capital Holdings, Inc., et al*, Case No. SA CV09-818 DOC (RNBX), United States District Court for the Central District of California (the "Med Cap Litigation"). In July of 2009, the United States District Court for the Southern District of California entered a Temporary Restraining Order, and Orders: (1) freezing assets; (2) appointing a temporary Receiver; (3) prohibiting the destruction of documents; and (4) requiring accountings and order to show cause re preliminary injunction and appointment of a permanent Receiver (the "Original Order"). The Original Order was later vacated and then re-entered on August 3, 2009.

48. On or about July 13, 2007, the Credit Trust through a sham loan to the Miles Trust purchased from MP IV for $50,000.00, a Series 2 Class C1 Note. MP IV offered Notes in two series, and from the sale of Notes from the two series raised approximately $407,000,000.00. Contrary to representations contained in the private placement memorandum and the provisions of the Note Issuance and Security Agreement between MP IV and Bank of New York Mellon, Med Cap, and subsidiaries and affiliates, improperly took administrative fees of approximately $56,565,000.00.

49. Contrary to the representations contained in the private placement memorandum of MP IV, MP IV invested approximately $20,000,000.00 in The Perfect Game, LLC, a Nevada limited liability company, whose primary assets are the rights to a film entitled "The Perfect Game."

50. With the improperly taken administrative fees, Med Cap, its subsidiaries and/or affiliates purchased a yacht of approximately 120 feet for approximately $5,000,000.00.

51. Med Cap, its subsidiaries and affiliates used a practice known as round tripping to effectively operate a fraudulent Ponzi scheme with the various MP entities. Round tripping is the practice of one entity selling to another related entity an asset at an improper markup. In the case of Med Cap, medical receivables from earlier MP entities were marked up and resold multiple times to subsequent MP entities at ever increasing prices while, in reality, the value of the receivables being sold was actually decreasing as the receivables aged. None of the MP entities were receiving returns sufficient to pay promised returns to investors and thus used the proceeds from the round tripping transactions to pay Note purchasers in the earlier MP entities with proceeds from investors in the later MP entities.

52. For example, in May of 2004, MP I bought account receivables of Total Family Care from Carlmont Capital II for $2,539,619.00. In August of 2007, MP VI bought the account receivables from MP I for $3,840,945.00. However, from May of 2004 through August of 2007 there had been no collections upon such receivables. In August of 2008, MP VI bought the same receivable from MP IV for $4,402,587.00 even though there were apparently no collections between August of 2007 and August of 2008 upon such receivables.

53. Med Cap, and its subsidiaries and affiliates failed to follow procedures set forth in the private placement memoranda, improperly writing up the value of assets so as to fraudulently obtain administrative fees from MP IV and the other MP entities.

54. The Temporary Restraining Order Appointing Receiver contains a provision staying litigation against the defendants in the Med Cap Litigation and certain related entities,

including the MP entities. After speaking with and writing to counsel for the Receiver, it is believed that the bringing of this action against the Defendants named herein does not violate the Stay Order of the United States District Court for the Central District of California.

Sunwest Management, Inc.

55. From approximately early 2006 through mid 2008, Sunwest Management, Inc., an Oregon corporation with subsidiaries and affiliates (collectively "Sunwest") offered and sold investments in approximately 99 offerings in over 100 Retirement Homes and/or properties which would be developed into Retirement Homes. Approximately 1,300 investors purchased, in the 99 entities, tenancy in common interests ("TIC Interests") which purported to represent actual ownership in a particular piece of property and/or Retirement Home. Investors in the Sunwest offerings were told that their purchased TIC Interest would generate a profit in the form of "rent" paying a ten percent annual return and that Sunwest had never missed a payment.

56. The TIC Interests in the approximate 99 offerings were sold through the use of private placement memoranda ("PPM"). Each PPM represented that an investor's return was to be derived solely from the profits generated by the retirement home or the property in which the investor purchased the TIC Interest. Rather than operating each of the properties as a separate enterprise, as represented in the PPM's, Sunwest comingled both operating revenues and funds raised from the offerings. Operating revenues from one entity, as well as offering proceeds from the entity, were used to pay returns in other entities not only rendering false and fraudulent the representations contained in the PPM regarding the use of proceeds but obscuring the fact that many of the properties owned by the various entities and operated by

Sunwest were actually losing money rather than operating at a profit as represented. In fact, more than half of the properties operated by Sunwest were losing money. The manner in which Sunwest operated the entities was a virtual Ponzi scheme through the comingling of money amongst the entities and the use of money from one entity to pay returns to investors in other entities.

57. The PPM's claimed that it was Sunwest's intention to achieve a certain operating efficiency of each retirement home purchased or developed and, at such point, to refinance the property, buying out the investor's equity at a profit. It was then Sunwest's stated purpose to own the properties outright following such buyout of the investors. The PPM failed to disclose that in addition to buying out investors, cash from the refinancing was used to fund the overall Sunwest Ponzi scheme which was an integral part of Sunwest's business operations. The national credit crisis in 2007 and 2008 eventually collapsed the Ponzi scheme due to the inability of Sunwest to obtain refinancing of properties which was an integral part of its ability not only to meet operational expenses of properties losing money but to pay promised returns to investors.

58. Pursuant to a PPM and representations of Lawrence and Pope as set forth in this Complaint, on or about July 27, 2007, the Credit Trust through a sham loan to the Miles Trust purchased a $100,000.00 TIC Interest in the Broomfield Senior Living Property, LLC (the "Broomfield LLC"). The Broomfield LLC was one of the approximately 99 Sunwest offerings forming part of its fraudulent Ponzi scheme.

59. As a result of the foregoing, and other fraudulent activities, on March 3, 2009 the SEC filed a Complaint in the case known as *Securities and Exchange Commission v.*

Southwest Management, Inc., et al, Case No. 09-6056, United States District Court for the District of Oregon (the "Sunwest Litigation"). On March 10, 2009, the United States District Court for the District of Oregon entered an order granting a Preliminary Injunction and Appointing a Receiver, pursuant to which, among other things, the Court appointed a Receiver for the defendants in the Sunwest Litigation. On March 3, 2009, the United States District Court for the District of Oregon entered an Order, ordering that no claimant of any of the defendants could take any action to interfere with the assets of the defendants. A similar Order prohibiting interference with the Receiver is contained in the March 10, 2009 Order. After writing to the attorney for the Receiver, it is believed that the bringing of this action against the Defendants named in this Complaint does not violate such Orders.

THE TRUSTS' PURCHASES

60. In each of the offerings described above, as well as the additional offerings described below, in order to purchase the offered investment, a purchaser must be what is referred to as an "accredited investor." Although the Miles Trust satisfied the requirements for accredited investor status, the Credit Trust did not meet the requirements of an accredited investor. Upon the advice of Defendants Lawrence, Pope, and Glossi, the investments purchased by the Credit Trust were accomplished by the making of sham loans from the Credit Trust to the Miles Trust, and then having the Miles Trust purchase the investment. In each instance of a purchase by the Credit Trust, Lawrence, Pope, and Glossi knew that the Credit Trust was the real purchaser of certain of the investments, as described below, and did not meet the accredited investor requirements for purchase of the investments. Lawrence, Pope, and

Glossi advised Naomi Miles, as the trustee of the Credit Trust and the Miles Trust, to structure the Credit Trust's investments through the Miles Trust.

61. The Miles Trust purchased the following investments on or about the following dates and in the following amounts:

Date	**Investment**	**Amount of Investment**
April 27, 2007	Striker Petroleum, LLC Series B-2 Debentures	$100,000.00
July 2, 2007	Shale Royalties 4, Inc. Preferred Stock	50,000.00
July 20, 2007	ECRV Clinton, LLC	200,000.00
June 16, 2008	Striker Petroleum Option Plus, Bon Weir, LLC	50,000.00
June 16, 2008	Shale Royalties 12, Inc., Preferred Stock Series A	40,000.00
June 16, 2008	Shale Royalties 12, Inc., Preferred Stock Series B	40,000.00
June 20, 2008	InSite MediaCom 2, LLC	25,000.00
July 20, 2008	Campaign Media Buying Services I, LLC	100,000.00
	TOTAL	$605,000.00

62. The Credit Trust through sham loans to the Miles Trust purchased the following investments on or about the following dates and in the following amounts:

Date	**Investment**	**Amount of Investment**
April 27, 2007	Striker Petroleum, LLC Series B-2 Debentures	$100,000.00
June 25, 2007	Striker Petroleum, LLC Series B-2 Debentures	100,000.00
July 2, 2007	MP IV, Promissory Note	50,000.00
July 2, 2007	Shale Royalties 4, Inc., Preferred Stock	100,000.00
July 27, 2007	Broomfield Senior Living Property, LLC,	100,000.00
	TOTAL	$450,000.00

63. In early to mid 2005, Naomi Miles hired Lawrence to prepare and file income tax returns for herself, the Miles Trust, and the Credit Trust. Lawrence did this.

64. In March or April of 2006, Naomi Miles met with Lawrence for the purpose of having Lawrence prepare and file income tax returns for herself, the Miles Trust, and the Credit Trust. At or about the time of this meeting between Naomi Miles and Lawrence, Naomi Miles had recently received a cancer diagnosis. At this meeting in March or April of 2006, Lawrence solicited Naomi Miles to invest in the Striker Debenture Offerings. At the time of this solicitation, the investments of the Miles Trust and the Credit Trust consisted of some residential rental properties and liquid, conservative fixed income types of investments. Lawrence laughingly told Miles she did not want to be a landlord, would get tired of it and should invest in the Striker Debenture Offerings. Lawrence gave to Naomi Miles a private placement memorandum for a Striker Debenture Offering and represented to her that he felt oil and gas was the place to invest and that he had invested with Striker.

65. At this meeting, as well as the prior meeting, Lawrence represented and gave the impression to Miles that he was a knowledgeable and sophisticated investor and a person competent and qualified to give financial and investment advice. Because of Naomi Miles' then serious medical condition, she took no action with respect to Lawrence's solicitation to invest in the Striker Debenture Offerings.

66. In April of 2007, Naomi Miles again met with Lawrence, principally for the purpose of having Lawrence prepare and file income tax returns for herself, the Miles Trust, and the Credit Trust. At this meeting, Lawrence once again solicited Miles to invest in the Striker Debenture Offerings. Lawrence delivered to Naomi Miles a private placement memorandum for the Series B-2 Debentures and represented to Naomi Miles as follows:

a. She would receive a thirteen percent annual return on her investment;

b. The investment was secured by collateral in an amount twice that of her investment;

c. The funds would be used to purchase proven oil production;

d. The investment would be secured by a deed of trust; and

e. Lawrence had been an investor in Striker Debenture Offerings for a number of years and was satisfied with them.

67. Lawrence disparaged Naomi Miles' investments in rental property saying he could not understand why Naomi Miles wanted to own rental property.

68. Lawrence stated to Naomi Miles at such meeting that to invest in the Striker Debenture Offerings one had to be an accredited investor and as described by Lawrence, to be an accredited investor one had to have a net worth in excess of $1,000,000.00. Naomi Miles explained that the Credit Trust did not have a net worth of $1,000,000.00, at which time Lawrence advised Naomi Miles, as trustee for the Credit Trust and the Miles Trust, to have the Credit Trust make a loan in the investment amount to the Miles Trust and have the Miles Trust then make the investment. Lawrence advised Naomi Miles that he would keep track of any such loan transactions.

69. As a result of the above representations of Lawrence, Naomi Miles, as trustee of the Credit Trust and Miles Trust, believed an investment in the Striker Debenture Offerings to be extremely safe and conservative and, most importantly, one hundred percent secure.

70. The representations which Lawrence made to Naomi Miles, as trustee of the Credit Trust and Miles Trust, in the April of 2007 meeting were knowingly false, or made with reckless disregard for the truth.

71. Lawrence failed to perform adequate due diligence before recommending and advising Naomi Miles, as trustee of the Credit Trust and the Miles Trust, to invest in Striker Debenture Offerings. As a result, Lawrence omitted to disclose to Naomi Miles numerous material facts, including that the Striker Debenture Offerings were part of a fraudulent Ponzi scheme operated by its promoter, Striker, with proceeds from the purchase of the Debentures being used to pay purchasers in the Legacy Offerings and prior Debenture Offerings in which Lawrence was a purchaser.

72. At the conclusion of the April, 2007 meeting between Naomi Miles and Lawrence, Lawrence told Naomi Miles he would have Pope, a registered representative at CapWest, contact Naomi Miles to set up a meeting and complete the sale of the Striker Debentures to the Trusts.

73. On April 20, 2007, Naomi Miles met with Pope and Glossi at the First Interstate Bank in Sheridan, Wyoming, the bank where Naomi Miles and the Trusts maintained bank accounts. At this meeting, Pope and Glossi made the same representations to Naomi Miles as Lawrence had made to Naomi Miles concerning the Striker Debentures and, in addition, represented to Naomi Miles:

a. That if there was a default in the Debenture, she would have her money back in 30 days;

b. A public company was going to buy Striker and although they could not disclose the company's identity, it was a New York Stock Exchange listed company;

c. Pope had met with Mark Roberts, the President and principal owner of Striker, who had a lot of experience in the oil and gas business;

d. Pope had been in on the ground floor of the Striker offerings and knew them to be very secure because a deed of trust secured the Debentures and a public company was going to buy Striker.

74. In offering the Striker Debentures to the Trusts, Lawrence, Pope, and Glossi omitted to disclose material facts to Naomi Miles, as trustee of the Trusts, including but not limited to:

a. That, in fact, the Debentures were not collateralized to twice the amount of their face value;

b. The risks of the lack of audited financial statements of Striker, the Legacy Offerings entities, and the prior Debenture Offering entities;

c. That money among the various Debenture Offerings was being comingled, with new investor money being used to pay promised returns to older investors;

d. That the Striker Debentures were illiquid and in the event of a cash need, most likely, the Trusts would not be able to liquidate or sell the Striker Debentures as there was no market for the Striker Debentures; and

e. That the Striker Debentures were high risk investments suitable only for those who could afford an entire loss of the investment.

75. As a direct and proximate result of the misrepresentations and omissions contained within the private placement memorandum, as well as the misrepresentations and omissions of Lawrence, Pope, and Glossi, on or about April 20, 2007, the Miles Trust purchased $100,000.00 of Series B-2 Striker Debentures, and the Credit Trust, through a sham

loan to the Miles Trust, was the beneficial purchaser of $100,000.00 of Series B-2 Striker Debentures.

76. On April 20, 2007, Pope and Glossi had Naomi Miles, as trustee of the Miles Trust, execute in blank a Subscription Agreement for the purchase by the Miles Trust of $200,000.00 of Series B-2 Striker Debentures. Later Pope, Glossi and/or a third person unknown to the Trusts falsely completed the information on the Subscription Agreement by overstating the net worth of the Miles Trust by more than $1,000,000.00, falsely representing that the purchaser was solely the Miles Trust, and falsely representing the purchaser was an accredited investor.

77. At the April 20, 2007 meeting between Naomi Miles, Pope, and Glossi, Pope and Glossi, as registered representatives of CapWest, instructed Naomi Miles to execute in blank, a Confidential Account Application form and a Direct Participation/REIT Suitability and Order Transmittal form. At a later point in time, either Pope, Glossi and/or other persons unknown to the Trusts, completed the forms, in each case knowingly completing the forms with false information. In particular, the Confidential Account Application is false with respect to the following:

a. Risk Tolerance, which was marked as “moderate” when the real risk tolerance was either “conservator” or “stable/capital preservation;”

b. Investments Knowledge, which was marked “moderate” when in reality investment knowledge was “low” or “novice;”

c. The years of investment experience which was significantly overstated;

d. The annual income of the Miles Trust which was significantly overstated; and

e. The assets of the Miles Trust which were significantly overstated, by in excess of $1,000,000.00.

78. The Confidential Account Application and Direct Participation Program forms were falsely filled out for the purposes of having and for allowing the Miles Trust to purchase DPP Investments, initially in the Striker Debentures which were unsuitable for the Trusts given the true risk tolerance, investment knowledge, investment experience, assets, liquidity needs, and income needs of the Trusts and Naomi Miles.

79. After the April 20, 2007 meeting between Naomi Miles, Pope, and Glossi, and the Trusts' initial purchase of the Series B-2 Striker Debentures, Pope and Glossi commenced soliciting Naomi Miles, as trustee of the Trusts, to make additional investments in Striker Debentures and numerous other investments. The solicitations occurred through phone calls and the sending of private placement memoranda by the U.S. mail and/or private commercial interstate carrier.

80. Upon receiving solicitation calls from Pope, and offering material from Pope, Naomi Miles, as trustee of the Trusts, consulted regarding the solicitations and offerings with both Lawrence and Pope. In particular, between April 20, 2007 and July 22, 2007, Naomi Miles received solicitations for additional investments in the Series B-2 Striker Debentures, the Provident preferred stock investments, and the MP IV Notes.

81. Both Lawrence and Pope advised and recommended the purchase of the Series B-2 Striker Debentures, the purchase of investments of the Provident entities preferred stock, and the MP IV Notes. Each of Lawrence and Pope represented to Naomi Miles, as trustee for the Trusts, that such investments were conservative, were secured, and were suitable in view of

Naomi Miles' and the Trusts' risk tolerance, time horizon, investment knowledge, investment experience, income needs, and liquidity needs. While making these recommendations, both Lawrence and Pope knew that Naomi Miles had limited assets, had a medical condition which might necessitate the need for substantial amounts of cash with little notice, and that the amounts of the investment recommendations represented virtually all of the liquid assets of the Trusts and Naomi Miles individually. Yet, with this knowledge, Lawrence, Pope, and Glossi recommended investments in the Series B-2 Striker Debentures, the Provident preferred stock entities, the MP IV Notes, and other illiquid investments as further described herein, that were, in fact, illiquid, speculative, and high risk. Further, Lawrence, Pope, and Glossi made such recommendations without adequate due diligence to ascertain the true nature and risks of their investment recommendations.

82. On June 22, 2007, Pope and Glossi met with Naomi Miles at her house in Sheridan, Wyoming for the purpose of selling to the Trusts investments consisting of additional Series B-2 Striker Debentures, preferred stock in SR 4, and MP IV Notes. By the time of the June 22, 2007 meeting, Lawrence, Pope, and Glossi knew and/or advised Naomi Miles of the following:

a. That in order to purchase the investments being offered and sold by Lawrence, Pope, and Glossi, the Trusts were liquidating conservative fixed income investments;

b. That the Credit Trust, the purchaser of the investments, was not an accredited investor and thus was not qualified under the terms of the offering documents to be a purchaser; and

c. To structure the Credit Trusts' purchases a sham loan through the Miles Trust, which was an accredited investor, was made upon the advice of Lawrence, Pope, and Glossi.

83. As with the initial purchase of Striker Debentures, at the June 22, 2007 meeting, Pope and Glossi had Naomi Miles, as trustee of the Miles Trust, execute in blank the Subscription Agreements for:

a. Additional purchase of Series B-2 Striker Debentures in the amount of $100,000.00, the real purchaser being the Credit Trust;

b. $100,000.00 of Preferred Stock of SR 4 in the amount of $100,000.00, the real purchaser being the Credit Trust;

c. $50,000.00 of SR 4 Preferred Stock, the real purchaser being the Miles Trust; and

d. $50,000.00 of Notes in MP IV, the real purchaser being the Credit Trust.

84. The information contained on the Subscription Agreements was later completed and Pope, Glossi and/or some other person unknown to the Trusts. The information contained on the Subscription Agreements completed by Pope, Glossi and/or some other unknown person for each of the foregoing purchases was false as to the true identity of the purchaser, the net worth of the purchaser, the income of the purchaser, and in the case of the purchases by the Credit Trust, the accredited investor status, or lack thereof, of the true purchaser.

85. In the offer and sale of the additional Series B-2 Striker Debentures, the preferred stock of SR 4, and the Notes of MP IV, Lawrence, Pope, and Glossi made the following misrepresentations concerning each of the investments:

a. That each investment was conservative and a suitable purchase for the Trusts in view of the Trusts' risk tolerance, time horizon, investment knowledge, investment experience, income needs, and liquidity needs when, in fact, the investments were high risk and speculative illiquid investments unsuitable for the Trusts;

b. That investments in each of the entities were secured and collateralized and protected against loss either through Security Agreements or Collateral Agreements; and

c. That the money invested by the Trusts in each of the entities would only be used by that entity for the purposes set forth in the private placement memorandum when, in fact, the money was used for other purposes, including but not limited to, the payment of returns to investors in prior offerings by the promoters of such investments.

86. In the offer and sale of such investments to the Trusts on or about June 22, 2007, Lawrence, Pope, and Glossi failed to disclose the following material facts:

a. The lack of audited financial statements of the promoters, and prior entities offered by the promoters, and the significance and risk of the lack of such audited financial statements;

b. That the investments were illiquid and should the Trusts need liquid assets on short notice, they would be unable to obtain them from these investments; and

c. That such investments were suitable only for persons who could afford a total loss of the investments, which was neither the Trusts, nor Naomi Miles.

87. At the June 22, 2007 meeting, Pope and Glossi solicited Naomi Miles to purchase an interest in the Broomfield LLC. As part of the solicitation, Pope and Glossi gave

to Naomi Miles, as trustee of the Trusts, a private placement memorandum for the Broomfield LLC. As with the other investments, Pope and Glossi represented to Naomi Miles:

a. That the purchase of an interest in the Broomfield LLC was suitable for the Trusts based upon their risk tolerance, time horizon, investment knowledge, investment experience, income needs, and liquidity needs;

b. That the investment was one hundred percent collateralized and secure; and

c. That the investment was conservative and safe.

88. Pope and Glossi failed to disclose to Naomi Miles, as trustee of the Trusts, the following:

a. That there were no audited financial statements of Sunwest, the promoter of the Broomfield LLC, or any other Senior Living Center which had been promoted by Sunwest, and the significance and risk of the lack of such audited financial statements; and

b. The riskiness of the investment for reason that it was a purchase of raw ground and many significant events had to occur for construction of a Senior Living Center, and the true risks of the nonoccurrence of such events.

89. After the June 22, 2007 meeting and solicitation of Naomi Miles for the purchase of an interest in the Broomfield LLC, Naomi Miles consulted with Lawrence regarding an investment in the Broomfield LLC. Lawrence recommended and advised that Naomi Miles, as trustee of the Credit Trust, invest in the Broomfield LLC, reiterating the same or similar representations as Pope and Glossi had to Naomi Miles, and failing to disclose the material facts set forth in paragraph 88 above.

90. On or about July 27, 2007, as a direct and proximate result of the representations and omissions of Lawrence, Pope, and Glossi and the private placement memorandum, the Miles Trust by way of a sham loan from the Credit Trust purchased $100,000.00 of TIC Interest in the Broomfield LLC.

91. In addition to the foregoing offerings, Pope and Glossi solicited Naomi Miles, as trustee of the Trusts, to purchase a TIC Interest in the ECRV Clinton, LLC (the "Hotel Clinton"), the stated business and purpose of which is the ownership and operation of a hotel, known as the Hotel Clinton, in South Beach, Florida. In either June or July of 2007, Pope and Glossi sent to Naomi Miles, as trustee of the Trusts, a private placement memorandum and Subscription materials for purchase of an interest in the Hotel Clinton. In order to induce the purchase, Pope and Glossi represented to Naomi Miles the following:

a. The purchase of a direct participation program interest in the Hotel Clinton was suitable for the Trusts in view of the risk tolerance, time horizon, investment knowledge, investment experience, income needs, and liquidity needs of the Trusts.

b. The Hotel Clinton was located in the Miami, Florida area which was a "hot area;"

c. The Miami, Florida area and, in particular, the South Beach area, was heavily trafficked by European tourists and visitors and, thus, the Hotel would have sufficient occupancy rates to continually generate the return represented in the private placement memorandum;

d. Within no less than six months after the purchase of a TIC Interest in the Hotel Clinton, there would be an offer to purchase the Hotel at a substantial amount in excess of the purchase price, generating a short term return in excess of twenty percent on the investment; and

e. The investment would be short term, less than six months.

92. Based upon the foregoing representations of Pope and Glossi, on or about July 20, 2007, the Miles Trust purchased $200,000.00 of TIC Interests in the Hotel Clinton.

93. On or about December of 2007, an offer to purchase the Hotel Clinton which would result in a substantial profit on the investment of the Miles Trust was received. Pope advised Naomi Miles, as trustee of the Miles Trust, and other investors in the Hotel Clinton, to reject the offer on the basis that they knew there were higher offers forthcoming. Naomi Miles followed the advice and recommendations of Pope and voted against accepting the sale. Contrary to the representations of Pope, no further offers were received. Shortly thereafter, presumably as the result of reduced occupancy rates, the Hotel Clinton ceased paying any returns to the Miles Trust and other investors.

94. On or about April of 2008, Naomi Miles met with Lawrence, again for the purpose of having him prepare tax returns for the Trusts and herself. At the meeting, Naomi Miles and Lawrence discussed prior investments in the Striker Debentures, the SR 4 preferred stock, the MP IV Notes, and the Broomfield LLC investment. Lawrence advised Naomi Miles that the investments were suitable and appropriate investments for her. Naomi Miles advised Lawrence that she was in the process of selling a rental house in Buffalo, Wyoming and disclosed to Lawrence the amount of proceeds she anticipated receiving from such sale.

95. Shortly after the April, 2008 meeting between Naomi Miles and Lawrence, Naomi Miles started receiving calls from Pope in which Pope commenced a high pressure

solicitation of Naomi Miles for additional investments. One of the investments which Pope and Glossi solicited of the Trusts was the Striker Petroleum Option Plus, Bon Weir, LLC ("Bon Weir"). Pope and Glossi delivered to Naomi Miles, as trustee of the Trusts, a private placement memorandum and subscription documents for Bon Weir. The private placement memorandum represented that RD Marketing was formed for the purpose of marketing the Bon Weir private placement to broker-dealers and their registered representatives and, for doing so, would be paid three percent of the entire offering as commission, and in addition would be reimbursed by Striker for expenses (the amounts and terms of which are currently unknown) stipulated in a contract. Neither the private placement memorandum, nor Pope and Glossi disclosed to Naomi Miles that RD Marketing was an entity owned and controlled by Pope and Glossi, and that for offering and selling the Bon Weir working interests, Pope and Glossi were receiving additional compensation. In addition to failing to disclose to Naomi Miles the material fact of Pope's and Glossi's additional compensation for selling the Bon Weir working interests, Pope and Glossi falsely represented to Naomi Miles:

a. That the working interests were collateralized with a first lien in favor of the purchaser and that there was no risk of loss to the principal amount of the investment;

b. That the proceeds from the purchase of the working interests would be used as represented in the private placement memorandum; and

c. That a purchase of the working interests was suitable for the Trusts in view of the Trusts' risk tolerance, time horizon, investment knowledge, investment experience, income needs, and liquidity needs.

96. In connection with the offer and sale of the Bon Weir working interests to the Miles Trust, Pope and Glossi failed to disclose material facts including:

a. That proceeds from the sale of the working interests in Bon Weir would be used to pay investors in the Striker Legacy Offerings and the Striker Debenture Offerings;

b. That there were no audited financial statements of Striker, the Striker Legacy Offerings, and the Striker Debenture Offerings, and the significance and risks of the lack of such audited financial statements; and

c. That Striker, contrary to the representations in the private placement memorandum, had granted a first lien and security interest in the working interests to a third party.

97. On or about June 11, 2008, the Miles Trust purchased $50,000.00 of working interest in the Bon Weir and did so by execution of a Subscription Agreement. As with the prior purchases, Pope and Glossi had Naomi Miles, as trustee of the Miles Trust, execute the Subscription Agreement in blank and then Pope, Glossi and/or some other person unknown to the Trusts completed the rest of the Subscription Agreement. The Subscription Agreement falsely represented the net worth of the Miles Trust.

98. Pope and Glossi, after learning from Lawrence that the Miles Trust was coming into additional money, also solicited Naomi Miles to purchase preferred stock in SR 12. In doing so, Pope and Glossi delivered to Miles a private placement memorandum. Pope and Glossi also reaffirmed and restated to Naomi Miles the same representations they had made to her in selling to the Trusts preferred stock in SR 4. Pope and Glossi omitted to disclose the same material facts as they did with respect to the SR 4 Offering.

99. As a direct and proximate result of Pope and Glossi's solicitation, on or about June 16, 2008, the Miles Trust purchased $40,000.00 of Preferred Stock Series A in SR 12 and $40,000.00 of Preferred Stock Series B in SR 12. In each case, Naomi Miles, as trustee of the Miles Trust, executed in blank Subscription Agreements. The other information contained in the Subscription Agreements was placed thereon by Pope, Glossi and/or other third person unknown to the Trusts. In purchasing the SR 12 preferred stock, Lawrence acted as an investment advisor to the Miles Trust. The Subscription Agreements were false in that they falsely represented the Miles Trust had a net worth of 3.2 million dollars.

100. In June of 2008, Pope and Glossi solicited the Trusts to purchase an interest in InSite MediaCom 2, LLC, a Delaware limited liability company. Naomi Miles understood the business of InSite MediaCom 2, LLC to be an interstate billboard company.

101. In offering and ultimately selling to the Miles Trust an interest in InSite MediaCom 2, LLC, Pope and Glossie represented to Naomi Miles:

a. That the investment was safe and secure and would yield a significant short term return from advertising; and

b. That a purchase of an interest in the InSite Media Com2, LLC was suitable for the Miles Trust in view of its risk tolerance, time horizon, investment knowledge, investment experience, income needs, and liquidity needs.

102. Pope and Glossi failed to disclose material facts of the investment to Naomi Miles, including but not limited to the risk of loss based on the speculative nature of the investment.

103. On or about June 20, 2008, the Miles Trust wire transferred $25,000.00 to InSite MediaCom 2, LLC for the purchase of an interest in InSite MediaCom 2, LLC.

104. On or about July 16, 2008, while in Buffalo, Wyoming, Naomi Miles met with Lawrence at his office. At this meeting, Lawrence solicited and advised Naomi Miles, through the Miles Trust, to invest $100,000.00 in Campaign Media Buying Services I, LLC ("Campaign Media LLC").

105. At this meeting, Lawrence represented to Naomi Miles:

a. That the business of Campaign Media LLC was the buying of advertising time and resale of it for political advertisements associated with the November, 2008 elections.

b. That Naomi Miles would receive a twenty-five percent return within three months of her investment;

c. That the deal was a "home run," a "super" deal, and a "short term" deal; and

d. That she would receive not only her twenty-five percent return but her entire principal back within three months.

106. Lawrence failed to disclose material facts to Naomi Miles, including but not limited to:

a. All the facts and information contained in a private placement memorandum of Campaign Media LLC which was delivered to Naomi Miles after her purchase; and

b. The significant risks of loss associated with an investment in Campaign Media LLC.

107. Based upon the investment advice, professional relationship, and representations of Lawrence, Naomi Miles wrote a check and delivered it to Lawrence for the purchase of $100,000.00 of interest in Campaign Media LLC.

108. Approximately one week later, Naomi Miles received a private placement memorandum in the mail. Lawrence, Pope, Glossi and/or an other person unknown to Naomi Miles completed the information contained in the Subscription Agreement.

109. The information contained in the Subscription Agreement is false in that it falsely represents the Miles Trust's net worth.

110. The Miles Trust received $89,000.00 back from Campaign Media LLC and has been advised there will be no further money forthcoming, and has thus suffered an $11,000.00 loss on the Campaign Media LLC investment.

111. By the time Lawrence, Pope, and Glossi had offered and sold the above-described DPP Investments to the Trusts, they had caused Naomi Miles to liquidate all of the Trusts' prior investments, principally consisting of conservative and liquid fixed income types of investments, and to place them into DPP Investments which are investments in privately held entities, meaning they are non-liquid and subject to significant risk of loss. The DPP Investments individually and, in particularly, as a whole were unsuitable for the Trusts in view of the Trusts' risk tolerance, time horizon, investment knowledge, investment experience, income needs, and liquidity needs.

112. Rather than advising diversification of her investments, Lawrence, Pope, and Glossi advised and recommended concentrating the Trusts' assets in a single type of investment, i.e. private, illiquid, high risk, direct participation programs, with more than fifty

percent of those investments concentrated in oil and gas. Such investment advice and recommendation was entirely unsuitable for the Trusts.

113. The DPP Investments were particularly unsuitable for the Credit Trust because the terms and conditions of each of the DPP Investments which were offered and sold to the Credit Trust by Lawrence, Pope, and Glossi were only suitable for accredited investors and the Credit Trust was not an accredited investor. Lawrence, Pope, and Glossi knew the Credit Trust was not an accredited investor and specifically structured the purchases for the Credit Trust in such a manner as to disguise the fact that the Credit Trust was not the purchaser of the investment.

114. Direct Capital was the dealer-manager for the Striker Debenture Offerings and, as such, received two percent of the gross proceeds from the sale of the Striker Debentures, including two percent of the purchases by the Trusts, and, in addition, received a due diligence allowance in the amount of one percent of the gross proceeds of the Striker Debenture Offerings, including a due diligence allowance of one percent of the amount of Striker Debentures purchased by the Trusts.

115. Direct Capital owed a duty to the Trusts, and all other purchasers of the Striker Debentures to conduct a full, complete, thorough, prudent, and reasonable due diligence investigation (a "Due Diligence Investigation") of the Striker Debenture Offerings, Striker, its subsidiaries, related entities, and officers and directors. In fact, Direct Capital received approximately $1,140,000.00 from the sale of the Striker Debentures for purportedly performing such a due diligence investigation.

116. Direct Capital breached its duty to conduct a Due Diligence Investigation and, in fact, failed to perform a Due Diligence Investigation by, among other things:

a. Not requiring audited financial statements on Striker, the Legacy Offering entities, and the respective Debenture Offerings; and

b. Not requiring the inclusion in the private placement memoranda disclosure of the risks associated with the lack of audited financial statements and, in particular, the risks that the proceeds from the offerings could be, and in the case of the Striker Debentures were, in fact, used for purposes other than as stated in the private placement memoranda, effectively allowing Striker to operate a fraudulent Ponzi scheme defrauding the Trusts and numerous other investors.

117. CapWest, as a broker-dealer involved in the sale of the Striker Debentures, owed the same duty to conduct a Due Diligence Investigation of the Striker Debenture Offerings prior to their offer and sale to the Trusts and others. CapWest failed to conduct such a Due Diligence Investigation in t he same manner as Direct Capital failed to conduct such a Due Diligence Investigation.

118. CapWest, as the seller of the preferred stock of SR 4, SR 12, Bon Weir, MP IV, and Broomfield LLC, owed to the Trusts, and all other purchasers of such securities which it offered and sold, the duty of performing a Due Diligence Investigation with respect to each such offering.

119. In each case, CapWest failed to perform a Due Diligence Investigation by failing, among other things:

a. To require audited financial statements on the promoter and of the prior offerings; and

b. To require the inclusion of risk disclosure in the offering material disclosing the risks associated with not having audited financial statements from the promoter and predecessor entities and, in particular, the risk that offering proceedings for previous offerings may not be used as represented and as such, the proceeds from the offering being offered and sold to the Trusts would not be used as represented, but would be used for other purposes, allowing the operation of fraudulent Ponzi schemes.

120. CapWest owed a duty to the Trusts that the DPP Investments offered and sold through its registered representatives be suitable in view of the Trusts' risk tolerance, time horizon, investment knowledge, investment experience, income needs, and liquidity needs. CapWest breached this duty by offering and selling to the Trusts, unsuitable DPP Investments as described herein.

121. Secore & Waller drafted most, if not all, of all the private placement memoranda of the Provident offerings, including the private placement memorandum of SR 4 and SR 12. As such, in addition to Provident being a client of Secore & Waller, each of the entities, including SR 4 and SR 12, for whom Secore & Waller drafted private placement memoranda, was a client of Secore & Waller.

122. In drafting the private placement memoranda, Secore & Waller knew that the private placement memoranda was to be distributed nationwide to numerous potential investors and ultimately investors and purchasers of preferred stock of SR 4 and SR 12. In drafting the private placement memoranda, Secore & Waller owed a duty not only to its client, but to those

who foreseeably would rely upon the private placement memoranda in making significant investment decisions, to conduct a reasonable and prudent Due Diligence Investigation into the accuracy and completeness of the information contained in the private placement memoranda. Further, Secore & Waller owed a duty not only to its client, but to those persons who would foreseeably rely upon the private placement memoranda in making significant investment decisions, to disclose material risks of the offering and to not fail to disclose material facts.

123. Secore & Waller knew, or were reckless in not knowing, that neither Provident, nor any of the entities for which Secore & Waller prepared private placement memoranda, had audited financial statements. As attorneys, who hold themselves out as experts in the field of transactional securities, Secore & Waller knew, or were reckless in not knowing, that one of the risks of not having audited financial statements of the promoter, and previous entity offerings by the promoter, is the comingling of money, improper use of proceeds, and the possible operation of a fraudulent Ponzi scheme.

124. Competent transactional securities attorneys, acting reasonably and prudently, would have recognized, as a clear warning and red flag, the existence of a significant risk of the comingling of money and possible operation of a fraudulent Ponzi scheme by virtue of Provident's numerous consecutive entity offerings, with typically two or three of such offerings being "open" and being offered at the same time. Even though such a clear warning existed, Secore & Waller either knowingly ignored such warnings, or were reckless in their failure to recognize such clear warnings of a possible fraudulent Ponzi scheme, and to have then included within the private placement memoranda adequate disclosure of such risk.

125. The drafting of the private placement memoranda was an integral part of the fraudulent Ponzi scheme perpetrated by Provident and but for the drafting of private placement memoranda, which by all appearances, presented a picture of a legitimate business enterprise purporting to disclose all material facts to investors, Provident could not have so successfully perpetrated its fraudulent scheme upon the Trusts and numerous others. Thus, not only did Secore & Waller aid and abet the fraudulent Ponzi scheme of Provident but, was, along with Provident, a primary actor and material participant in Provident's fraudulent Ponzi scheme.

126. As the general counsel of Striker, as identified in the Striker Debenture Offerings private placement memoranda, Holmes knew, or was reckless in not knowing if, in fact, he did not know, that he was identified as the general counsel of Striker. As general counsel of Striker, Holmes was intimately familiar with the business operations of Striker, its subsidiaries and affiliates and the manner in which the Legacy Offerings and Debenture Offerings were conducted and operated.

127. Although not specifically identified in the private placement memoranda and the Striker Debenture Offerings as the "independent third party trustee" for the Striker Debentures, Holmes, as general counsel, knew that he was to serve as the purported "independent third party trustee" for the Striker Debentures and further knew that he was neither "independent" or "a third party." Thus, Holmes knew at the time of the Striker Debenture Offerings and, in particular, the Series B-2 Striker Debenture Offering that the private placement memoranda were false and misleading, containing untrue statements of material fact with respect to the existence of an independent third party trustee for the Series B-2 Striker Debentures.

128. As general counsel of Striker, intimately familiar with its manner of operations, Holmes knew, or was reckless in not knowing, that Striker was operating a fraudulent Ponzi scheme as has been described in this Complaint.

129. Holmes owed a duty, as general counsel of Striker, to purchasers of Striker Debentures, including Series B-2 Striker Debentures, to not offer or sell the Striker Debentures through use of a private placement memorandum containing untrue statements of material fact and omission to state material facts. Holmes breached this duty to the Trusts, and other investors, by, as general counsel for Striker, being a primary and material participant in Striker's fraudulent Ponzi scheme and by aiding and abetting Striker's fraudulent Ponzi scheme.

130. In the Series B-2 Striker Debenture Offering, Hancock is identified as the "Chief Financial Officer" of Striker. As the Chief Financial Officer of Striker, Hancock knew, or if he lacked actual knowledge, was reckless in not knowing, of the operation of Striker's fraudulent Ponzi scheme as described in this Complaint. As the Chief Financial Officer of Striker, Hancock was a primary actor and material participant, directly and/or indirectly, managing and handling the financial affairs of Striker, the Legacy Offerings, the Debenture Offerings, and the Bon Weir Offering proceeds and revenues. Thus, not only did Hancock aid and abet Striker's fraudulent Ponzi scheme, but Hancock was a direct participant in Striker's fraudulent Ponzi scheme directly and proximately causing the losses sustained by the Trusts in the investments in the Series B-2 Striker Debentures and Bon Weir working interests.

FIRST CLAIM FOR RELIEF

(15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5)

131. Paragraphs 1 through 130 of this Complaint are re-alleged and incorporated by reference herein.

Preliminary Allegations

132. Each of the Defendants against whom this Claim for Relief is brought is a person as defined by 15 U.S.C. § 78c(9).

133. Each of the DPP Investments described in this Complaint is a security within the meaning of 15 U.S.C. § 78c(10).

134. In offering and selling the above-described securities to the Trusts, the Defendants made use of means and instrumentalities of interstate commerce, including but not limited to, the U.S. mails, the telephone, the internet, and private commercial interstate carriers.

Striker Debentures

135. In offering and selling to the Trusts the Striker Debentures, Lawrence, Pope, Glossi, Personal Money Management, CapWest, AIPA, Direct Capital, Holmes, and Hancock employed one or more devices, schemes, and artifices to defraud the Trusts, as set forth hereinabove and additionally, including but not limited to:

a. Knowingly and/or recklessly failing to conduct a Due Diligence Investigation into Striker and its various offerings and thus failing to warn the Trusts of the existence and/or the possibility that they were investing in a fraudulent Ponzi scheme;

b. Failing to disclose material facts as set forth herein;

c. The making of untrue statements of material fact as set forth herein; and

d. The sale of unsuitable investments to the Trusts in view of the risk tolerance, time horizon, investment knowledge, investment experience, income needs, and liquidity needs of the Trusts, all of the foregoing being for the purpose of earning a commission and other forms of compensation upon the sale of the investments to the Trusts.

136. In connection with the offer and sale of the Striker Debentures to the Trusts, Lawrence, Pope, Glossi, Personal Money Management, CapWest, AIPA, Direct Capital, Holmes, and Hancock each made untrue statements of material fact to the Trusts as follows:

a. Each of the individual Defendants made the untrue statements of material fact as set forth above.

b. The Defendants, CapWest, Direct Capital, Holmes, and Hancock made untrue statements of material fact through the Striker Debenture Offering private placement memorandum, including but not limited to:

i. That the proceeds from the purchase of the Debentures would be used as set forth in the private placement memorandum, rather than used for other purposes, including but not limited to, the payment of promised returns to investors in the Legacy Offerings and prior Debenture Offerings;

ii. That there existed an independent third party trustee for the Debenture holders when, in fact, there was not an independent third party trustee for the Debenture holders;

iii. That the offering proceeds would be used primarily to acquire, develop, and operate oil and gas properties, and for working capital, when in fact the proceeds were used for other purposes;

iv. That the assets of Striker were as represented in the unaudited financial statements accompanying the private placement memorandum when, in fact, the assets were significantly overstated; and

v. That the revenue of Striker was as represented in the unaudited financial statements accompanying the private placement memorandum when, in fact, the revenue was significantly overstated.

c. Personal Money Management and AIPA made untrue statements of material fact to the Trusts through their representatives, Lawrence, Pope and/or Glossi, as set forth above.

137. Lawrence, Pope, Glossi, Personal Money Management, CapWest, AIPA, Direct Capital, Holmes, and Hancock omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made not misleading, as set forth hereinabove and additionally, including but not limited to:

a. The risks of the lack of audited financial statements of Striker and its prior offerings, including the Legacy Offerings and prior Debenture Offerings, such risks including:

i. That offering proceeds from prior offerings had been used for purposes other than as stated therein;

ii. That assets of Striker may be overstated;

iii. That revenues of Striker may be overstated; and

iv. That offering proceeds may be used to pay promised returns to investors in prior offerings, including the Legacy Offerings and prior Debenture Offerings, thus permitting the operation of a fraudulent Ponzi scheme.

b. That the purported trustee for the Debentures purchased by the Trusts, Holmes, was, in fact, not an "independent third party trustee" but the general counsel of Striker;

c. That although Striker purported to have positive operating revenues, it was, in fact, operating at a loss;

138. Each of Lawrence, Pope, Glossi, Personal Money Management, AIPA, CapWest, Direct Capital, Holmes, and Hancock engaged in acts, practices, and a course of business which operated as a fraud and deceit upon the Trusts in connection with the purchase and sale of the Striker Debentures by, among other things:

a. Falsifying Subscription Agreements for the purchase of the Striker Debentures and/or failing to conduct any investigation into the accuracy of the representations contained in the Subscription Agreements;

b. Lawrence, Pope, and Glossi structuring the Credit Trust's participation for the purchase of the Striker Debentures through a sham loan to the Miles Trust, while knowing that the investment in the Striker Debentures by the Credit Trust was neither acceptable pursuant to the terms of the offering, nor suitable;

c. Recommending and selling to the Trusts, unsuitable investments consisting of the Striker Debentures;

d. Engaging in the acts, practices and course of conduct described herein resulting in Striker's operation of a fraudulent Ponzi scheme; and

e. Lawrence, Pope, and Glossi causing the liquidation of conservative and suitable investments of the Trusts for the purpose of selling to the Trusts speculative, high risk, illiquid direct participation program investments, including the Striker Debentures, for the purpose of earning high commissions and other income.

Striker Bon Weir

139. Lawrence, Pope, Glossi, Personal Money Management, AIPA, CapWest, RD Marketing, Holmes, and Hancock employed various devices, schemes, and artifices to defraud the Trusts in the offer and sale of the Bon Weir oil and gas working interests, including but not limited to, the following:

a. The failure to conduct a Due Diligence Investigation into Striker, the Legacy Offerings, and the prior Debenture Offerings which would have revealed the operation of a fraudulent Ponzi scheme in which money from investors in later offerings, including Bon Weir, was used to pay promised returns to investors in prior offerings, such as the Legacy Offerings and Debenture Offerings; and

b. The failure to disclose to the Trusts that RD Marketing was owned and controlled by Pope and/or Glossi and, as a result thereof, Pope and/or Glossi were receiving additional compensation, unknown to the Trusts, by virtue of the offer and sale of the Bon Weir working interests to the Trusts.

140. Lawrence, Pope, and Glossi, individually, and Personal Money Management, AIPA, CapWest, RD Marketing, Holmes, and Hancock, through the private placement memorandum of Bon Weir, all made untrue statements of material fact as set forth hereinabove and additionally, including but not limited to:

a. That the purchasers of the working interests would have a first lien and security interest upon the working interests purchased when, in fact, prior to the Miles Trust's purchase of the purported working interests, a first lien and security interest in such working interests had been granted to a third party; and

b. That the proceeds from the offering would be used for the purchase of working interests and the other uses specified in the Use of Proceeds section of the Bon Weir private placement memorandum when, in fact, the proceeds were used for other purposes, including but not limited to, the payment of returns to investors in the Striker Legacy Offerings and Debenture Offerings.

141. In connection with the offer and sale of the Bon Weir working interests to the Trusts, Lawrence, Pope, Glossi, Personal Money Management, AIPA, CapWest, RD Marketing, Holmes, and Hancock omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made not misleading, as set forth hereinabove and additionally, including but not limited to:

a. The risk of the lack of audited financial statements of Striker, the Legacy Offerings, and the Debenture Offerings, such risks including:

i. That proceeds from the prior offerings may not have been used for the purposes stated in such Private Placement Memorandum;

ii. That offering proceeds from later offerings may have been used to pay promised returns to investors in prior offerings; and

iii. That the offering proceeds would be used primarily to acquire, develop and operate proven oil and gas properties and for working capital when, in fact, the proceeds were used for other purposes.

142. Lawrence, Pope, Glossi, Personal Money Management, AIPA, CapWest, RD Marketing, Holmes, and Hancock engaged in acts, practices, and courses of business which operated as a fraud and deceit upon the Miles Trust in connection with its purchase of the Bon Weir purported working interests as set forth hereinabove and additionally, including but not limited to:

a. Pope and Glossi, individually, and/or through RD Marketing, and on behalf of CapWest, actively participated in and structured the Bon Weir Offering, which was part of a fraudulent Ponzi scheme operated by Striker; and

b. The failure to conduct a Due Diligence Investigation which would have uncovered the fraudulent Ponzi scheme of Striker, of which Bon Weir was a part.

Provident Preferred Stock

143. Lawrence, Pope, Glossi, Professional Money Management, AIPA, CapWest, and Secore & Waller employed a device, scheme and/or artifice to defraud the Trusts in their purchase of SR 4 and SR 12 preferred stock as set forth hereinabove and additionally, including but not limited to:

a. The failure to conduct a Due Diligence Investigation of Provident and those offerings which preceded SR 4 and SR 12, including the failure to obtain audited financial statements of Provident and each of the entities preceding SR 4 and SR 12 or other accurate and reliable financial information upon such entities;

b. The failure to disclose to purchasers of preferred stock in SR 4 and SR 12, including the Trusts, the risks of the lack of audited financial statements of Provident and those offerings preceding SR 4 and SR 12, including but not limited to:

i. That investors' money in the various offerings of Provident may be comingled;

ii. That money of each of SR 4 and SR 12 may be used for purposes other than those stated in the private placement memorandum, and that money from other offerings had been used for numerous purposes other than those stated in the private placement memoranda;

iii. That money from the SR 4 and SR 12 offerings may be used to pay promised returns to purchasers of investments in prior offerings, rather than for the purposes stated in the private placement memorandum of SR 4 and SR 12; and

iv. That although investors in SR 4 and SR 12, as well as prior offerings, were told that approximately eighty-six percent of investment proceeds was to be allocated for oil and gas investments, in fact, much less than eighty-six percent of investor proceeds was actually allocated to oil and gas investments.

c. Secore & Waller, as attorneys, and purported experts in transactional securities, either knew, or recklessly ignored warning signs that the Provident offerings were or may be fraudulent Ponzi schemes and failed to include any such warning in the private placement memoranda which they drafted for SR4 and SR 12.

144. In connection with the offer and sale of preferred stock in SR 4 and SR 12 to the Trusts, Lawrence, Pope, Glossi, AIPA, Professional Money Management, CapWest, and Secore & Waller made untrue statements of material fact to the Trusts, either directly and/or through the private placement memoranda of SR 4 and SR 12, as set forth hereinabove and additionally, including but not limited to:

a. That the proceeds from the sale of the preferred stock would be used for the purposes stated in the private placement memoranda of SR 4 and SR 12 when, in fact, the proceeds were used for other purposes; and

b. That the preferred stock sold in SR 4 and SR 12 would be collateralized as represented in the private placement memoranda when, in fact, it was not.

145. Lawrence, Pope, Glossi, Personal Money Management, AIPA, CapWest, and Secore & Waller omitted to state material facts necessary in order to make the statements made in light of the circumstances under which they were made not misleading in the offer and sale of preferred stock in SR 4 and SR 12 to the Trusts, as set forth hereinabove and additionally, including but not limited to, the following:

a. The risks of lack of audited financial statements of Provident and the offerings of preferred stock in entities preceding SR 4 and SR 12;

b. That some or all the proceeds from the sale of preferred stock in SR 4 and SR 12 would be used to pay promised returns to purchasers of preferred stock in other investments and offerings preceding SR 4 and SR 12; and

c. That substantial amounts of the offering proceeds from SR 4 and SR 12 would be used for purposes other than the purchase of oil and gas interests as described in the private placement memoranda.

146. Lawrence, Pope, Glossi, Personal Money Management, AIPA, CapWest, and Secore & Waller engaged in acts, practices, and courses of business which operated as a fraud and deceit upon the Trusts in connection with their purchase of the preferred stock in SR 4 and SR 12, as set forth hereinabove and additionally, including but not limited to:

a. Secore & Waller knew, and/or recklessly ignored, obvious warning signs that Provident, through SR 4 and SR 12, and numerous other entities for which Secor & Waller prepared private placement memoranda, was operating a fraudulent Ponzi scheme in which investor money from later offerings was used to pay promised returns to investors in earlier offerings, and failed to make any disclosure of the risks thereof;

b. All of the Defendants identified in this paragraph failed to conduct a Due Diligence Investigation, including but not limited to, demanding or requesting audited financial statements or other adequate and reliable financial information which would have revealed the true financial picture of Provident and the various offerings which it conducted; and

c. Each of the Defendants identified in this paragraph, except Secore & Waller, either placed upon the Subscription Agreements of the Trusts that purchased the preferred stock in SR 4 and SR 12, assisted in the placement of information and/or failed to conduct a reasonable investigation into the accuracy of such information contained upon the Subscription Agreements, such information being false as set forth hereinabove.

MP IV

147. Lawrence, Pope, Glossi, Professional Money Management, AIPA, and CapWest employed a device, scheme and/or artifice to defraud the Credit Trust in connection with its purchase of a Note in MP IV, as set forth hereinabove and additionally, including but not limited to, the following:

a. The failure to conduct a Due Diligence Investigation of the MP IV offering, and prior offerings conducted by Med Cap and its subsidiaries and affiliates, which would have revealed fraudulent practices as described herein, such as "round tripping" and the operation of a fraudulent Ponzi scheme as described herein; and

b. The offering of Notes in MP IV, pursuant to the terms of the offering, was only available to accredited investors. With this knowledge, and with the knowledge that the Credit Trust was not an accredited investor, through the device of structuring a sham loan transaction between the Credit Trust and the Miles Trust, the Defendants sold a $50,000.00 Note in MP IV to the Credit Trust. Further, in such sale, the Defendants falsely completed Subscription documents so as to make it appear that the purchaser of the Note was accredited and thus suitable.

148. In selling the Note in MP IV to the Credit Trust, Lawrence, Pope, Glossi, Personal Money Management, AIPA, and CapWest made untrue statements of material fact, both verbally, and through the private placement memorandum of MP IV, as set forth hereinabove and additionally, including but not limited to:

a. That administrative fees would only be taken in accordance with the provisions of the private placement memorandum when, in fact, administrative fees were taken contrary to such provisions;

b. That the proceeds from the offering would be used to purchase medical receivables and other health care related assets when, in fact, substantial amounts of the proceeds were used for other purposes, including the payment of promised returns to investors in prior offerings; and

c. That medical receivables and other health care assets would be purchased in arms length transactions at fair and reasonable prices when, in fact, practices such as "round tripping" of medical receivables at ever increasing prices, while the receivables were decreasing in value, was a common practice.

149. In connection with the purchase and sale of the Note of MP IV to the Credit Trust, Lawrence, Pope, Glossi, Personal Money Management, AIPA, and CapWest omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, as set forth above, and additionally, including but not limited to:

a. That MP IV was part of a fraudulent Ponzi scheme operated by Med Cap and its subsidiaries and affiliates in which the proceeds from later investors were used to pay promised returns to investors in earlier offerings;

b. The risks of the lack of audited financial statements of Med Cap and the prior offerings which risks included:

i. That investor money from MP IV would be comingled with investor money in other offerings;

ii. That investor money in MP IV would be used to pay promised returns to investors in prior offerings of Med Cap, its subsidiaries and affiliates;

iii. The practice of round tripping; and

iv. That non medical receivables and health care assets would be acquired with the proceeds of the MP IV offering money.

150. Each of Lawrence, Pope, Glossi, Personal Money Management, AIPA, and CapWest engaged in acts, practices, and a course of business which operated as a fraud and

deceit upon the Credit Trust in connection with its purchase of a Note in MP IV as described herein, and additionally, including but not limited to:

a. The structuring of a sham loan transaction between the Credit Trust and the Miles Trust so as to allow the Credit Trust to purchase the Note of MP IV when, in fact, the Credit Trust was not an accredited investor and therefore not an eligible purchaser; and

b. The failure to conduct a Due Diligence Investigation which would have revealed, among other things, fraudulent practices, including:

i. Round tripping of receivables;

ii. Operation of a fraudulent Ponzi scheme; and

iii. The purchase of non medical receivables and non health care assets.

Broomfield LLC

151. In connection with the offer and sale of the Broomfield LLC to the Credit Trust, Lawrence, Pope, Glossi, Personal Money Management, AIPA, and CapWest employed a device, scheme and/or artifice to defraud the Credit Trust as described hereinabove and additionally, including but not limited to, the following:

a. Pursuant to the terms of the Broomfield LLC private placement memorandum, only accredited investors were eligible for purchase of an interest in the Broomfield LLC. Each of the foregoing individuals and entities structured and/or otherwise participated in the structuring of a sham loan transaction from the Credit Trust to the Miles Trust so that the Credit Trust could purchase an interest in the Broomfield LLC when, in fact, the Credit Trust was not an accredited investor and, therefore, not an eligible purchaser, and not a suitable purchaser; and

b. Although representing otherwise, the failure to conduct a Due Diligence Investigation into Sunwest, the promoter of the Broomfield LLC, which would have revealed:

i. The lack of any audited financial statements on Sunwest and any of the LLC's which it operated;

ii. The comingling of money between the numerous LLC's which owned and operated Senior Living Centers;

iii. That numerous of the Senior Living Centers were, in fact, operating at a loss; and

iv. That investor money from the Broomfield LLC and more recent offerings was used to pay promised returns to investors in prior offerings, thus permitting the operation of a fraudulent Ponzi scheme.

152. Lawrence, Pope, Glossi, Personal Money Management, AIPA, and CapWest, in connection with the sale of $100,000.00 worth of TIC Interest in the Broomfield LLC to the Credit Trust, both verbally and through the private placement memorandum, made untrue statements of material fact, as set forth herein and additionally, including but not limited to:

a. That each of the Senior Living Centers operated by the promoter and manager of Broomfield LLC was operating profitably when, in fact, numerous of the Senior Living Centers were losing money; and

b. That as a result of the successful operation of Senior Living Centers by Sunwest, no investor had ever suffered a loss, or not received a promise payment and that, although while technically true, was only true through the comingling of money amongst the Senior

Living Centers and the Sunwest companies in which investment revenue and operating proceeds from one entity were used to pay returns to investors in another entity.

153. In connection with the offer and sale of the TIC Interest in the Broomfield LLC to the Credit Trust, Lawrence, Pope, Glossi, Personal Money Management, AIPA, and CapWest omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, as set forth herein, and additionally, including but not limited to, the risks of the lack of audited financial statements of Sunwest. and the numerous LLC's which it operated, which would have revealed numerous false statements in the private placement memorandum, including but not limited to:

a. That numerous Senior Living Centers were operating at a loss;

b. That investor proceeds and operating revenues from the various LLC's were comingled;

c. That investment proceeds and operating revenues of one LLC were used to pay promised returns to investors in other LLC's; and

d. That Broomfield LLC was part of a fraudulent Ponzi scheme operated by Sunwest.

154. Lawrence, Pope, Glossi, Personal Money Management, AIPA, and CapWest engaged in acts, practices, and course of business which operated as a fraud and deceit upon the Credit Trust in connection with its purchase of a TIC Interest in the Broomfield LLC as set forth herein and additionally, including but not limited to, as follows:

a. The structuring of a sham loan transaction between the Credit Trust and the Miles Trust so as to permit the Credit Trust to purchase a TIC Interest in the Broomfield LLC when it was not an accredited investor; and

b. False and fraudulent completion of a Subscription Agreement by the Miles Trust for the purchase of a TIC Interest in the Broomfield LLC on behalf of the Credit Trust, the Subscription Agreement being false at least with respect to the true identity of the purchaser and the net worth of both the Miles Trust and the Credit Trust.

Other Investments

155. In addition to the above-described investments, Lawrence, Pope, Glossi, Personal Money Management, AIPA, and CapWest offered and sold to the Trusts DPP Investments consisting of the Hotel Clinton, InSite MediaCom 2, LLC, and Campaign Media, LLC, as described herein.

156. Each of Lawrence, Pope, Glossi, Personal Money Management, AIPA, and CapWest had a duty to know their customer or client, as the case may be, and to recommend only suitable and appropriate investments for purchase. All of the investments described herein sold to the Trusts were unsuitable based upon the Trusts risk tolerance, time horizon, investment knowledge, investment experience, income needs, and liquidity needs.

157. Each of the DPP Investments described in detail herein is an investment in what is known as a direct participation program, that are private, illiquid investments offered through private placement memoranda. Even when properly offered and sold, with a Due Diligence Investigation, and the existence of audited financial statements, direct participation program

investments are inherently risky because of their illiquid nature. This risk was never disclosed to the Trusts.

158. In offering and selling all of the investments described herein to the Trusts, Lawrence, Pope, Glossi, Personal Money Management, AIPA, and CapWest employed a device, scheme, and artifice to defraud as set forth herein, and additionally, including but not limited to, the following:

a. Prior to purchase of the investments described herein, the Trusts were invested in conservative fixed income types of investments which were liquid, with little to no risk, and produced a steady income. Over a period of time, between approximately April 20, 2007 and July 20, 2008, Lawrence, Pope, Glossi, Personal Money Management, AIPA, and CapWest induced the Trusts to liquidate such investments, as well as to take proceeds from the sale of real estate, and invest it in the DPP Investments described herein, $730,000.00 of which was invested in fraudulent Ponzi schemes through such Defendants' efforts; and

b. As a whole, the investments were unsuitable because of their lack of diversification, in that:

i. Over half of the investments were concentrated in the oil and gas industry;

ii. All of the investments were illiquid investments in direct participation programs; and

iii. Direct participation program investments typically earn a significantly higher commission for the seller than commissions paid for the purchase of publicly traded stocks, bonds, and other securities, which fact was not disclosed to the Trusts.

159. In order to permit the purchase of numerous of the investments, Lawrence, Pope, and Glossi structured sham loan transactions between the Credit Trust and the Miles Trust for investments, the terms of which required purchase by only an accredited investor.

160. In connection with the purchase of the above-described DPP Investments by the Trusts, Lawrence, Pope, Glossi, Personal Money Management, AIPA, and CapWest made untrue statements of material fact as set forth herein.

161. In connection with the purchase of the DPP Investments described herein by the Trusts, Lawrence, Pope, Glossi, Personal Money Management, AIPA, and CapWest omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, all as set forth herein, including but not limited to:

a. That by virtue of the totality of the investments, in the event the Trusts, and/or their beneficiaries, needed proceeds, they would not be able to obtain them due to the inability to liquidate the investments;

b. The inherently risky nature of direct participation program private placement investments; and

c. That each of Lawrence, Pope, Glossi and/or entities which they controlled, Personal Money Management, AIPA, and CapWest received significantly higher commissions for the sale of the investments which they offered and sold to the Trusts, rather than more traditional investments in publicly traded stocks and bonds.

162. Lawrence, Pope, Glossi, Personal Money Management, AIPA, and CapWest engaged in acts, practices, and course of business which operated as a fraud and deceit upon the Trusts in connection with the purchase and sale of the securities as described herein.

163. The Trusts relied upon the representations of the Defendants in their purchase of the DPP Investments. Such reliance was justified.

164. As a direct and proximate result of Defendants' acts and conduct in violation of 15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5, the Trusts purchased the DPP Investment securities described hereinabove and have suffered a loss upon such investments.

SECOND CLAIM FOR RELIEF

(15 U.S.C. § 78t(a))

165. Paragraphs 1 through 164 of this Complaint are re-alleged and incorporated by reference herein.

166. CapWest is directly or indirectly controlled by Capstone, Colorado Capital, Smith, and Hall.

167. Capstone, Colorado Capital Holding, Smith, and Hall are, pursuant to 15 U.S.C. § 78t(a), jointly and severally liable with and to the same extent as CapWest for its violation of 15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5.

168. TIC Capital, Womack, Pacific Security, and Pacific Security Partners, directly or indirectly control Direct Capital.

169. TIC Capital, Womack, Pacific Security, and Pacific Security Partners are pursuant to 15 U.S.C. § 78t(a) jointly and severally liable with, and to the same extent as Direct Capital, for its violation of 15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5.

THIRD CLAIM FOR RELIEF

(15 U.S.C. § 77l(a)(2))

170. Paragraphs 1 through 169 of this Complaint are re-alleged and incorporated by reference herein.

171. In violation of 15 U.S.C. § 77l(a)(2), as set forth herein, by means and instruments of transportation and communication in interstate commerce, and the mails, by means of a prospectus and oral communications, which included untrue statements of material fact and omissions to state material facts necessary in order to make the statements, in light of the circumstances under which they were made, not misleading, the Trusts not knowing of such untruths and omissions, Lawrence, Pope, Glossi, Personal Money Management, AIPA, RD Marketing, CapWest, Direct Capital, Holmes, and Hancock offered and sold to the Trusts one or more of the DPP Investments identified in paragraph 62, in the manner and means set forth herein.

172. The Trusts are entitled to recover, from each of the persons and entities set forth in the immediately preceding paragraph, the consideration paid for the securities purchased, with interest thereon, less any income received thereon, and hereby tender back to such persons, all such securities purchased.

FOURTH CLAIM FOR RELIEF

(15 U.S.C. § 77o)

173. Paragraphs 1 through 172 of this Complaint are re-alleged and incorporated by reference herein.

174. Capstone, Colorado Capital, Smith, and Hall, by or through stock ownership, agency or otherwise or, in connection with an agreement and/or understanding among one or more of them, control CapWest, a person liable pursuant to 15 U.S.C. § 77l(a)(2).

175. Capstone, Colorado Capital, Smith, and Hall are pursuant to 15 U.S.C. § 77o jointly and severally liable with, and to the same extent, as CapWest for its violation of 15 U.S.C. § 77l.

176. TIC Capital, Womack, Pacific Security, and Pacific Security Partners, through stock ownership, agency or otherwise, or in connection with an agreement and/or understanding among one or more of them, control Direct Capital, a person liable pursuant to 15 U.S.C. § 77l(a)(2).

177. TIC Capital, Womack, Pacific Security, and Pacific Security Partners are pursuant to 15 U.S.C. § 77o jointly and severally liable with, and to the same extent, as Direct Capital for its violation of 15 U.S.C. § 77l(a)(2).

FIFTH CLAIM FOR RELIEF

(Wyoming Securities Act)

178. Paragraphs 1 through 164 of this Complaint are re-alleged and incorporated by reference herein.

179. The security purchases which are the subject of this Fifth Claim for Relief are as follows:

	Investment Date	Amount of Investment
Striker-Bon Weir	June 16, 2008	$50,000.00
Shale Royalties 12, Inc. Preferred Stock Series A	June 16, 2008	40,000.00
Shale Royalties 12, Inc. Preferred Stock Series B	June 16, 2008	40,000.00
InSite MediaCom 2, LLC	June 20, 2008	25,000.00
Campaign Media, LLC	July 20, 2008	100,000.00 (loss $11,00.00)

Sale of Unregistered Securities

180. WS § 17-4-107 makes it lawful for any person to offer or sell a security in the State of Wyoming unless it is either:

a. Registered under the Wyoming Securities Act;

b. The security or transaction is exempt under WS § 17-4-114; or

c. It is a "covered security."

181. On or about the dates set forth in paragraph 179 above, Lawrence, Pope, Glossi, Personal Money Management, AIPA, CapWest, and RD Marketing, LLC (Bon Weir only) offered and sold to the Miles Trust the securities identified in paragraph 179 above.

182. The securities identified in paragraph 179 above are securities within the meaning of WS § 17-4-113(a)(xi).

183. The securities identified in paragraph 179 above sold to the Miles Trust were not registered under the Wyoming Securities Act, exempt for registration pursuant to WS § 17-14-114 or a covered security within the meaning of WS § 17-4-113(a)(xiii).

184. Pursuant to WS § 17-14-122(a), Lawrence, Pope, Glossi, Personal Money Management, AIPA, RD Marketing, and CapWest are liable to the Trusts for the amount paid by the Miles Trust for the purchase, together with interest at the rate of six percent per year from the date of payment, together with costs and attorney's fees.

Sale of Securities by Unregistered Agent

185. Pursuant to the definition contained in WS § 17-4-113(a)(ii), Lawrence is an "agent."

186. Lawrence has never registered as an "agent" under the provisions of the Wyoming Securities Act.

187. On or about the dates set forth in paragraph 179 above, Lawrence, as an "agent" within the meaning of WS § 17-4-113(a)(ii), and in violation of WS § 17-4-103(a), transacted business in the State of Wyoming consisting of the offer and sale to the Miles Trust of the securities identified in paragraph 179 above.

188. Pursuant to WS § 17-4-122(a) Lawrence is liable to the Miles Trust for the amount paid by the Miles Trust for the purchase of the securities identified in paragraph 179, together with interest at the rate of six percent per year from the date of payment, together with costs and attorney's fees and, pursuant to WS § 17-4-122(b), is jointly and severally liable with, and to the same extent, as Pope, Glossi, and CapWest.

Fraud in Connection with the Sale of Securities

189. In connection with the offer and sale of the securities described in paragraph 179 above, and as set forth herein, Lawrence, Pope, Glossi, Personal Money Management, AIPA, CapWest, RD Marketing (Bon Weir only), Secore & Waller (SR 12 only), Holmes (Bon Weir

only), and Hancock (Bon Weir only) offered and sold such securities by means of untrue statements of material fact and omission to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, the Miles Trust not knowing of such untruths and omissions.

190. In connection with the offer and sale of the SR 12 preferred stock to the Miles Trust, Secore & Waller aided and abetted Provident and SR 12, along with Lawrence, Pope, Glossi, and CapWest, in the offer and sale of the preferred stock in SR 12 to the Miles Trust. Such aiding and abetting includes, but is not limited to, the following:

a. The failure to do a Due Diligence Investigation of Provident and the entities offered by Provident preceding SR 12. Secore & Waller's Due Diligence Investigation failures include, but are not limited to the following:

i. The failure to require audited financial statements on Provident and the entities offered by Provident preceding SR 12.;

ii. The failure to disclose in the private placement memorandum drafted by Secore & Waller, the risks associated with the lack of audited financial statements of Provident and the entities offered by Provident preceding SR 12; and

iii. Ignoring clear warning signs of a possible fraudulent Ponzi scheme consisting of multiple on-going offerings with no audited financial statements or other reliable financial information adequately documenting the use of proceeds of each offering conducted by Provident.

191. In order to sell the preferred stock of SR 12, as well as the continual and on-going offers conducted by Provident, it was necessary to obtain a law firm to prepare private

placement memoranda which at least in form created an appearance of a legitimate offering of SR 12 and the operation of a legitimate business enterprise by Provident. Thus, Secore & Waller was instrumental, aiding and abetting Provident, SR 12, and all those involved in the offer and sale of the preferred stock of SR 12, including but not limited to, Lawrence, Pope, Glossi, and CapWest, to the Miles Trust.

192. Pursuant to WS § 17-4-122(a), each of Lawrence, Pope, Glossi, Personal Money Management, AIPA, RD Marketing (Bon Weir only), CapWest, Secore & Waller (SR 12 only), Holmes (Bon Weir only), and Hancock (Bon Weir only) are liable to the Miles Trust for the consideration paid for the security purchased together with interest at six per cent per year from the date of payment, together with costs and reasonable attorney's fees.

Controlling Person Liability

193. Capstone, Colorado Capital, Smith, and Hall directly or indirectly control CapWest, Pope, and Glossi, who are sellers of the securities described in paragraph 179 above, and liable under WS § 17-4-122(a) and, pursuant to WS § 17-4-122(b), are jointly and severally liable with, and to the same extent, as Pope, Glossi, and CapWest.

SIXTH CLAIM FOR RELIEF

(Professional Negligence – Dennis Lawrence)

194. Paragraphs 1 through 164 of this Complaint are re-alleged and incorporated by reference herein.

195. Lawrence is a certified public accountant licensed in the State of Wyoming. Lawrence holds himself out not only as a professional accountant but as a person knowledgeable and sophisticated in financial and investment matters. Whether as part of his

accounting practice, or as a separate business enterprise, Lawrence provides financial and investment advice to his accounting clients.

196. Due to his position as an accountant, Lawrence is privileged to personal and private financial information of his clients, including Naomi Miles, the Miles Trust, and the Credit Trust, all of which are his clients, and for whom he has performed professional accounting work. In addition to performing professional accounting work, as alleged herein, Lawrence has provided financial and investment advice to Naomi Miles and the Trusts.

197. Based upon the accountant-client relationship between Lawrence, Naomi Miles, and the Trusts, Lawrence owed to Naomi Miles and the Trusts, a fiduciary duty. This fiduciary duty includes, but is not limited to:

a. The duty to maintain the confidentiality of the financial information of Naomi Miles and the Trusts;

b. The duty to provide suitable financial and investment advice in view of the risk tolerance, time horizon, investment knowledge, investment experience, income needs, and liquidity needs of Naomi Miles and the Trusts, all of which Lawrence was privy to based upon not only the accountant-client relationship but upon the financial and investment advisor-client relationship which existed between Lawrence, Naomi Miles, and the Trusts.

198. Lawrence breached his professional duty which he owed to Naomi Miles and the Trusts, and breached the fiduciary duty which he owed to Naomi Miles and the Trusts in numerous ways, including but not limited to, the following:

a. Disclosing, without the consent and/or permission of Naomi Miles and the Trusts, personal and confidential financial information of the Trusts to Pope and Glossi;

b. With knowledge that Naomi Miles had a serious medical condition which might require on short notice significant amounts of cash, which would require the liquidation of investments, Lawrence recommended and sold, and/or participated in, the sale of the DPP Investments described herein to the Trusts, such investments taking virtually all of the liquid assets of Naomi Miles and the Trusts, and converting them into illiquid investments;

c. With knowledge that each of the investments described herein which he offered, sold and/or participated in the sale of, to the Trusts, were only available for accredited investors, and with knowledge that the Credit Trust was not an accredited investor, advised Naomi Miles, as trustee of the Trusts, and structured on behalf of the Trusts, sham loan transactions between the Credit Trust and the Miles Trust so as to allow the Credit Trust to purchase the DPP Investments which by the very terms of the offering, the Credit Trust was not suitable;

d. With full knowledge, of all of the assets of Naomi Miles and the Trusts, over a period of approximately 16 months, offered, sold and/or participated in the sale of high risk, unsuitable, illiquid investments, the majority of which were in fraudulent Ponzi schemes, to the Trusts;

e. Failure to do a Due Diligence Investigation of the DPP Investments. In particular, as an accountant, Lawrence should have immediately recognized the significance of the lack of any audited financial statements in connection with the Striker offerings, the Provident offerings, the Med Cap Notes, and the Broomfield LLC TIC Interest. Lawrence was aware that the foregoing offerings purchased by the Trusts was but one of a series and should have recognized the significant risks of such DPP Investments lacking audited financial statements; and

f. Instead of advising and recommending diversification of the Trusts' investments, advised and recommended consolidation of the Trusts investments into private, high risk, illiquid direct participation programs, with more than fifty percent of such DPP Investments concentrated in oil and gas.

199. As described herein, Lawrence breached the standard of care applicable to his profession. As a direct and proximate result of the professional negligence of Lawrence, the Trusts have sustained a loss upon the DPP Investments as set forth herein together with the incurrence of significant costs and attorney's fees incurred herein in recovering such investment losses.

SEVENTH CLAIM FOR RELIEF

(Professional Negligence of Randall Pope and Nathan Glossi)

200. Paragraphs 1 through 164 of this Complaint are re-alleged and incorporated by reference herein.

201. At all times relevant hereto, Pope and Glossi were registered representatives with FINRA and/or its predecessor, the National Association of Securities Dealers, Inc. ("NASD), and held themselves out to the public in general and, in particular, to Naomi Miles, as trustee of the Trusts, as professionals knowledgeable and sophisticated in investments and financial and investment advice.

202. As professionals in the field of rendering financial and investment advice, Pope and Glossi owed to Miles, as trustee of the Trusts, a duty and standard of care of:

a. A knowledgeable and sophisticated individual in the field of financial and investment advice; and

b. Pursuant to rules and regulations of FINRA and its predecessor, the NASD, a duty to "know your customer" meaning to know and understand the customer's risk tolerance, time horizon, investment knowledge, investment experience, income needs, liquidity needs, and any other matter important and/or significant to the recommendation or giving of financial and investment advice.

203. Pope and Glossi breached this duty of professional care and the duty to "know your customer" in the following respects:

a. Pope and Glossi failed to advise diversification, instead, concentrating all of the assets of the Trusts in high risk, illiquid, private direct participation program investments, more than half of which were concentrated in oil and gas, and more than half of which proved to be fraudulent Ponzi schemes;

b. Knowingly offering and selling to the Credit Trust, through the use of sham loan transactions, investments only suitable to accredited investors, with knowledge that the Credit Trust was not an accredited investor;

c. The failure to do a Due Diligence Investigation, the most significant failure in such area to be the failure to recognize the significance of the lack of audited financial statements in more than half of the investments sold by Pope and Glossi to the Trusts, the result being the sale of fraudulent Ponzi scheme investments to the Trusts; and

d. Pope and Glossi, through RD Marketing, structured and directly participated in the preparation of the Bon Weir offering and, failed to disclose to Naomi Miles, as trustee of the Trusts, their participation in the offering as well as their receipt of significant undisclosed compensation for structuring, offering, and selling the Bon Weir purported oil and gas working interests.

204. As a direct and proximate result of the professional negligence of Pope and Glossi, the Trusts have sustained a loss upon the DPP Investments described herein together with costs and attorney's fees incurred herein in recovering such investment losses.

EIGHTH CLAIM FOR RELIEF

(Fraud)

205. Paragraphs 1 through 164 of the Complaint are re-alleged and incorporated by reference herein.

206. As set forth herein, the Defendants directly and/or indirectly participated in a fraud, and/or aided and abetted in a fraud, consisting of the making of untrue statements of material fact, and the failure to disclose material facts, to Naomi Miles, as trustee of the Trusts, and otherwise engaged in acts, practices, and courses of dealings which operated as a fraud upon the Trusts, in the offer and sale of the DPP Investments described herein to the Trusts.

207. In purchasing the DPP Investments described herein, Naomi Miles, as trustee of the Trusts, relied upon the verbal representations made to her by the Defendants, the written representations made in the private placement memoranda and other offering materials provided to her, the completeness of the verbal and written statements made to her, and the legitimate appearance that the private placement memoranda and offering documents presented. Such reliance was justified.

208. As a direct and proximate result of the fraud of the Defendants, including their aiding and abetting through the control of those directly participating in the fraud and through the material assistance provided to those participating in the fraud, the Trusts have suffered loss upon the DPP Investments, together with costs and attorney's fees incurred herein in recovering such amount.

NINTH CLAIM FOR RELIEF

(Civil Conspiracy)

209. Paragraphs 1 through 208 of this Complaint are re-alleged and incorporated by reference herein.

210. Lawrence, Pope, Glossi, and CapWest, either individually and/or through AIPA, entered into an agreement and/or understanding, the purpose of which was to offer and sell to the Trusts, and numerous other residents of the State of Wyoming, high risk unregistered securities consisting of DPP Investments and other securities, both registered and unregistered.

211. In order to accomplish the above-said purpose and objective of offering and selling high risk unregistered securities to the Trusts and others within the State of Wyoming, Lawrence, Pope, Glossi, and CapWest, either individually and/or through AIPA, engaged in numerous meetings and discussions, the exact dates of which are presently unknown but upon information and belief are alleged to have occurred between on or about approximately July of 2006 through on or about September of 2008.

212. Lawrence, Pope, Glossi, and CapWest agreed to accomplish the above-said purpose and objective through agreements, including but not limited to:

a. Having Lawrence disclose to Pope, Glossi, and CapWest private and confidential financial information of the Trusts and others;

b. Lawrence, Pope, and Glossi jointly recommending to the Trusts and others the purchase of the DPP Investments made by the Trusts and others;

c. Distributing private placement memoranda and other offering documents of the DPP Investments to the Trusts and others; and

d. Offering and selling to the Trusts and others the DPP Investments described herein.

213. In offering and selling to the Trusts the DPP Investments as described herein, Lawrence, Pope, Glossi, and CapWest committed unlawful overt acts as alleged herein, including but not limited to:

a. Violation of federal securities laws as alleged herein; and

b. Violation of Wyoming state securities laws as alleged herein.

214. As a direct and proximate result of the unlawful civil conspiracy engaged in by Lawrence, Pope, Glossi, and CapWest, the Trusts have suffered a loss upon the DPP Investments, together with costs and attorney's fees incurred herein in recovering such amount.

TENTH CLAIM FOR RELIEF

(Negligence)

215. Paragraphs 1 through 214 of this Complaint are re-alleged and incorporated by reference herein.

216. Through the acts and omissions described herein, the Defendants offered and/or sold, directly or indirectly, aided and abetted in the sale, and/or directly or indirectly controlled,

thus aiding and abetting others, in the sale of the DPP Investments described herein to the Trusts.

217. In engaging in such conduct, the Defendants were negligent.

218. As a direct and proximate result of the Defendants' negligence, the Trusts have suffered a loss upon the DPP Investments described herein, together with costs and attorney's fees incurred herein in recovering such losses.

ELEVENTH CLAIM FOR RELIEF

(Vicarious Liability and *Respondeat Superior*)

219. Paragraphs 1 through 218 of this Complaint are re-alleged and incorporated by reference herein.

220. Pope and Glossi were employees and/or otherwise controlled pursuant to agreement or other arrangement by CapWest.

221. Pope and Glossi were registered representatives, registered pursuant to FINRA and/or its predecessor, the NASD, of CapWest.

222. Under principles of vicarious liability and/or *respondeat superior*, CapWest is liable for the acts and conduct of Pope and Glossi as set forth herein.

PRAYER FOR RELIEF

WHEREFORE, the Naomi Miles Revocable Trust, Naomi Miles trustee, and the Charles W. Miles, Jr. Trust, Naomi Miles trustee, respectfully request the following:

A. An award of damages against Dennis R. Lawrence, Randall Pope, Nathan Glossi, Professional Money Management, LLC, CapWest Securities, Inc., Capstone Financial Group, Inc., Colorado Capital Holdings, LLC, David Leon Smith, Dale Keith Hall, and Agricultural Income and Planning Associates, LLC in the amount of $966,000.00, or other such amount as may be established at trial of this matter.

B. An award of damages against Direct Capital Securities, Inc., TIC Capital Markets, Inc., Clay Harriss Womack, Pacific Security Partners, LP, Pacific Security Group, Inc., Steve Holmes, and Richard Hancock in the amount of $300,000.00 or such other amount as may be established at trial of this matter.

C. An award of damages against Secore & Waller, LLP in the amount of $230,000.00 or such other amount as may be established at trial of this matter.

D. An award of damages against RD Marketing in the amount of $50,000.00 or such other amount as may be established at trial of this matter.

E. Costs incurred herein.

F. Attorney's fees as provided by law.

G. Any other relief deemed just and proper under the circumstances.

DATED this 26th day of February, 2010.

DAVIS & CANNON, LLP

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DEMAND FOR JURY TRIAL

Pursuant to Rule 38(b) of the Federal Rules of Civil Procedure, the Plaintiffs hereby demand a trial by Jury.

DATED this 26th day of February, 2010.

DAVIS & CANNON, LLP

By: ______________________

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